FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Clashes in black towns kill 3

Black Nationalists and security forces fought gun battles in the Rhodesian capital of Salisbury for the first time in six years of guerrilla warfare, police disclosed yesterday.

The fighting took place in the black townships of Mufakose and Highfield. Three guerrillas were killed and two wounded and captured.

The clashes followed reports that a group of guerrillas had penetrated Salisbury on a mission to assassinate leading black members of Rhodesia's *transitional Government.*

Tickets row

Trans-Atlantic passengers wanting cut-price standby tickets were involved in angry scenes at Heathrow, after discovering that the *British Airports* Authority has persuaded airlines not to sell the tickets there and thus ease congestion. Meanwhile, holiday flights to the Continent were returning to normal last night after French air traffic controllers ended their work-to-rule. **Page 7**

Inquiry starts

A senior fire officer described, on the opening day of the Taunton train fire public inquiry, how he *led a crew* to rescue trapped passengers, but was unable to open the door to the blazing sleeper carriage in which 11 people died.

Jet crash

An RAF pilot and co-pilot were killed when their Phantom jet crashed near Hoexter, north Germany. Eight civilians were slightly injured.

Davis jailed

George Davis, freed two years ago from a 17-year sentence by the Home Secretary, was jailed for 15 years at the Old Bailey after admitting taking part in a £50,000 armed robbery on a north London bank.

Spree setback

Some 500 Continental shoppers who embarked at Ostend on the British shop ship Aquamart to buy tax-free UK goods on board were refused landing permission at Dunkirk and forced to sail back to Ostend and Belgium customs charges.

Girl, 4, shot

A four-year-old girl was shot in the back during a gun attack on the Army in West Belfast, but *she was not thought to be seri*ously hurt. The Army did not return fire.

Briton deported

British journalist Christopher Elliot is to be deported from *Malta because of* allegedly hostile writing about Premier Dom Mintoff. Mr. Mintoff imposed a ban on BBC and Fleet Street journalists on July 13, but it seems that *any reporters con*sidered anti-Maltese will not be allowed in.

Kidnap move

Police in Antwerp have arrested a man in connection with the kidnapping and *murder* of Belgian millionaire Baron Charles Bracht.

Briefly . . .

Bournemouth man was jailed for two years by an East German court for attempting to *smuggle* a man over the border.

State prosecutor in Bologna opened an inquiry into the death *of* Italian boxer Angelo Jacopucci.

British *woman tourist* and her two children were killed, and her husband seriously injured, in a car crash near Gerona, Spain.

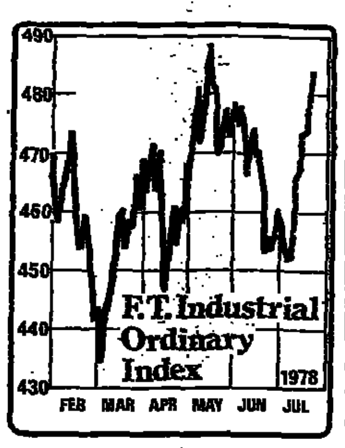
Television personality Hughie Green had his driving licence returned pending an appeal over his drink-driving conviction.

At least 13 people were killed when a block of flats collapsed in Cairo.

BUSINESS

Equities up 4.7; Gilts firm

● **EQUITIES** began the new Account *confidently, ahead of* Thursday's Dividend Bill. **FT**



30-share index rose 4.7 to 483.9. Gold Mines index rose 5.3 to 180.3.

● **GILTS** held firm, underpinned by exhaustion of the long tap. Government Securities Index was 0.21 up at 70.99, its best for over two months.

● **GOLD** rose $3¼ to $195½, its highest since the December 1974 record of $195.50.

● **STERLING** rose 1.65 cents to $1.9275, its best since March 8. *Trade-weighted* index was 63.0 (62.7), its highest since March 22. Dollar's was 8.4 (8.0) per cent. The yen reached its highest post-war closing of Y197.85 to the dollar.

● **WALL STREET** was down 5.54 at 827.88 near the close.

● **COMPANIES** wanting to raise their dividends by more than 10 per cent in line with higher profits will need official consent, the *Treasury said in a statement on* the Dividends Bill, now before Parliament. **Page 6**

● **FURTHER** substantial provisions *against* the Bank *of* England's losses on the fringe bank "lifeboat" support operation have again hit the profits of its banking department. **Page 6**

Fleet Street pay warning

● **NEWSPAPER** Publishers Association will meet officials from the *National* Union of Journalists today for talks on what the NPA says is "the serious position" facing the newspaper industry. The move comes after action over pay taken by journalists "in a number of offices."

The Sun was not published *today for the second day because* of a pay dispute involving 220 journalists.

● **GOVERNMENT** is considering using Navy workers to take *three Polaris submarines* to sea from their Scottish bases, where they have been tied up by industrial action, industrial civil servants' leaders have been told. **Page 8**

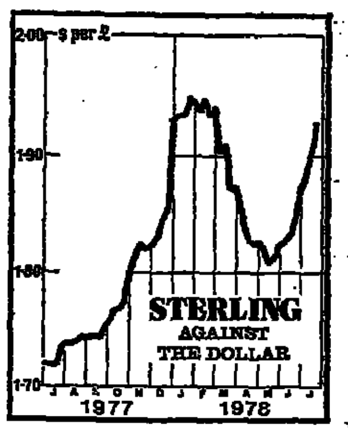
● **EXTRA** 28,000 jobs were created in the UK *in the first* three months of the year, confirming the upturn in the labour market suggested by the monthly unemployment statistics. **Back Page**

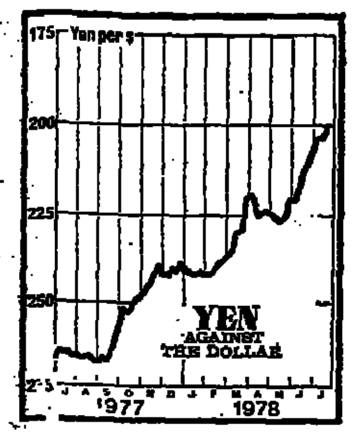
● **FUTURE** North Sea exploration and production effort could be restricted if the Government *goes ahead* with its plan to increase oil taxation, offshore oil industry said. **Back Page**

● **GOVERNMENT** is stepping up its involvement in the development of electric vehicles with a *£2.26m support* programme *for* Lucas Industries. **Back Page**

● **BROOKE BOND** Leibig is to launch a £20.5m cash takeover bid for Bushells Investments, the leading Australian tea processors and distributors. **Back Page**

Sterling and gold boosted by renewed U.S. weakness





Dollar falls below key Y200 mark

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR dropped below Y200 in Tokyo for the first time yesterday. This breach of a psychologically important level *for the foreign* exchange market triggered renewed weakness for the U.S. currency throughout the world and led to a sharp rise in the price of gold.

The decline in the dollar was reflected in the relative strength of sterling—at its highest level since early March—and in rises in the price of gilt-edged stock.

The renewed pressure on the dollar began at the end of last week after a relatively quiet period leading up to, and during, the Bonn economic summit.

However, foreign exchange dealers argue that the summit failed to produce any significant new commitments from the U.S. *and did not reach agreement on* measures to stabilise exchange rates.

The prospect remains of large Japanese and West German current account surpluses this year and an even bigger U.S. deficit.

In addition, market sentiment has been undermined by speculation about moves by oil-producing countries to link the oil price to a basket of currencies rather than to the dollar.

The pressures first appeared yesterday morning in Tokyo where the dollar fell to a record closing level of Y199.05, compared with Y201.25 on Friday.

The decline occurred *in* very heavy trading and in spite of some Bank of Japan intervention. *The dollar had just slipped below* Y200 late on Friday in New York.

Yen's progress, Page 4
Mining news, Page 20
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Although a breaching of the Y200 had been expected for some time, the event had a wide effect on sentiment.

In Europe, the dollar declined to Y197.85 and was at its worst closing level against the Swiss Franc of SwFr 1.7752½.

There was a slight improvement towards the close against some European currencies with a close against the West German D-mark of DM2.0440, compared with a day's low of DM2.0340.

The weakness of the dollar was quickly reflected in the London bullion market where gold rose by $3¼ an ounce yesterday to $195½, its second highest closing level ever, after a day's high of $196⅝.

The price of gold has risen by $11¾ in the last week and its strength has also resulted in sharp rises in the price of gold mining shares on the London stock market.

Sterling was again helped by the dollar's difficulties. The rate rose to a peak of $1.9385 before slipping back after some profit-taking and official intervention to close 1.65 cents up at $1.9275. The trade-weighted index improved by 0.3 to 63.0 after a day's high of 63.1.

The pound has now risen by 4¾ per cent in the last month *against the dollar* and by 2½ per cent compared with the trade-weighted index.

This rise has occurred in spite of regular official intervention which may have boosted the

Continued on Back Page

Post Office announces record £368m profit

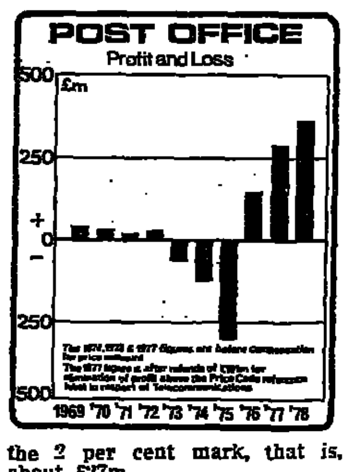
BY JOHN LLOYD

THE Post Office made a profit of £367.7m, the highest in the Corporation's history, in the year to the end of March. Both its major businesses — posts and telecommunications — have slightly *exceeded the profit targets now* agreed with the Government.

The telecommunications business contributed £325.5m to the profits, fractionally over the 6 per cent *return on net assets* which it is required to make (6.06 per cent).

Posts, which has lost money every year for the past ten years except in the previous *financial* year (1976-77), showed a £40.4m surplus, up £16.1m on last year and a 3 per cent return on turnover, 1 per cent more than the business is required to make from this year on.

Sir William Barlow, chairman of the Post Office, said that the profits in this financial year for posts would be down to around the 2 per cent mark, that is, about £27m.



Because of the healthy profits, he confirmed a statement made earlier in the year that postal and telephone prices *would be* frozen until the end of 1978. However, call box charges are thought likely to increase soon. Call boxes made a £30.8m loss over the last year, up £7.8m on the previous year.

In absolute terms, last year's profits are below those of 1976-1977, when a figure of £392.3m was initially reported. But £101m of that was paid in refunds to *telephone subscribers to bring* the surplus on the telecommunications side of the business back below the profit reference level laid down in the Price Code. *This brought the net profit down* to £291.3m.

However, even this understates the "real" rate of profit, if calculated on the basis common to most *large private* enterprises. The Post Office builds supplementary depreciation into its profit and loss account, an item which has gone

Continued on Back Page

ICI tries for U.S. chemical site

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries is negotiating the acquisition of a second petrochemicals manufacturing site in the U.S.

Talks with Allied Chemical have reached an advanced stage for purchase of the U.S. company's chlor-alkali complex at Baton Rouge, Louisiana. The deal will mean an investment by *ICI of £30-£35m.*

ICI's move to boost its presence in basic petrochemicals in the U.S. follows shortly after its decision to invest $50m (£26m) *to expand its polyester resin* and film operations at Hopewell, Virginia.

The company is engaged in a major strategic move to build up *a local manufacturing presence* in both the U.S. and Continental Europe, particularly in petrochemicals.

It is building a 550,000-tonnes-a-year ethylene *plant* at *Corpus* Christi, Texas, in partnership with Solvay of Belgium and the U.S. Union Pacific Corporation. ICI has a 37.5 per cent share in *this venture.*

This $600m (£315m) project is due to come into production in January, 1980. Ethylene is the most important basic petro*chemical and is used in making* a wide range of products, from fibres and plastics to detergents and antifreeze.

Acquisition of Allied Chemical's *Baton Rouge site fits in closely* with ICI's gradual development of downstream petrochemicals in U.S. plants to use the basic ethylene.

ICI intends to buy from Allied Chemical caustic soda and chlorine plants with a capacity of 184,000 tonnes a year, an ethylene dichloride plant, and a *136,000*-tonnes-a-year vinyl chloride monomer plant.

This is manufactured from chlorine and ethylene, and is the intermediate chemical for *the manufacture of polyvinyl* chloride, one of the world's most widely used plastics.

ICI is the biggest manufacturer of PVC in Britain, with a capacity of *270,000* tonnes. *It* is already making a major investment in this group of chlor-alkali products at Wilhelmshaven, West Germany, at a cost of *some £200m*, with a related investment of £140m on Teesside.

The company is clearly considering expansion into PVC in America as well. It said yesterday *that such a move would* remain under consideration, though it had no firm plans yet.

EEC talks start on currency plan

BY GUY DE JONQUIERES *BRUSSELS, July 24.*

THE CHOICE of a mechanism for defining exchange rates, and the extent to which countries would surrender national control over their gold and currency *reserves, emerged today as key* issues likely to dominate discussions of the EEC's Bremen monetary plan during the next few months.

EEC Finance Ministers and Central Bank governors disagreed on both points and it was clear that considerably more work would be needed before a firm consensus could be reached.

The official communique issued *after the Bremen summit* three weeks ago was imprecise about how the currency plan would function in practice and the Finance Ministers have been *charged with* drawing up a detailed scheme by the end of October.

A majority of the nine, including Britain, appeared to favour a system in which exchange rates would be defined against a basket *of EEC* currencies similar to the European unit of account. Germany expressed a preference for "pivot" exchange rates, defined in terms of other *national currencies, of* the kind used at present in the European currency "snake."

Countries with weaker currencies, such as Britain and Italy, believe that a basket system would better enable them to *prevent* their exchange rates from being dragged up by a rising Deutsche Mark because it would permit broader overall margins of fluctuation.

It also remains unclear in what form EEC countries would *deposit gold*, dollars and national currencies in the planned European monetary co-operation fund. These deposits would be made against the issue of European *currency units to* be used for settlements between central banks and also would be used to furnish credit.

Dr. Otmar Emminger, chair*man of the Bundesbank, said* that it might be legally difficult to make a physical transfer of reserves to the fund under the West German constitution. He would prefer a system of pledging reserves. Similar reservations were expresed by the Belgian and Dutch delegations.

Mr. Denis Healey, Chancellor, said after the meeting that a genuine pooling of reserves was *not essential to the proper* functioning of the system. But if reserves were not pooled, there would be less money available for intervention in support of the scheme.

The proposed system also would have to strike a delicate balance in the method of intervention employed towards third currencies, particularly the dollar.

If strong EEC currencies were little used for such intervention, weak currencies either would *have to be devalued* or be bolstered by strict deflationary *measures. Heavy use of strong* currencies, by contrast, would risk inflating money supply in *the countries to which they* belonged.

Committees of monetary officials have been instructed to report back to the Ministers before their next council meeting on these questions in mid-September.

The committees will examine ways in which currency parities could be altered inside the system, the size and constitution of the European *monetary co*-operation fund, the relationship between the EEC and currencies of neighbouring countries such as Austria and Switzerland and *ways of producing* greater economic convergence between the nine.

In spite of the differences of view evident today, Mr. Healey claimed that the council had acepted the three conditions for *the monetary system* which he laid down last month. These were obligations for both surplus and deficit countries, the provision of adequate credit and *facilities for exchange rate* adjustments.

Study plea

The Finance Ministers also agreed to ask national Ambassadors in Brussels to work on studies of ways in which the *redistributive effect of* EEC policies could be improved.

It was agreed by the EEC heads of government in Bremen at the strong insistence of the UK and Ireland, that such studies should be undertaken *concurrently with work on* the proposed monetary scheme.

Mr. Healey *conceded* today that it was unlikely that the redistributive studies would be translated into action by the end of this year, when the monetary *plan is due to take effect.*

It was possible that the *monetary scheme would not* have to be buttressed immediately by transfers of resources inside the EEC if it were properly designed, he added.

£ in New York

—	July 21	Previous
Spot	$1.9135-9155	$1.9075-9095
1 month	0.53-0.48 dis	0.55-0.50 dis
3 months	1.36-1.31 dis	1.35-1.29 dis
12 months	4.95-4.75 dis	4.85-4.65 dis

Ministers bid for Linwood peace

FINANCIAL TIMES REPORTER

THREE Ministers have mounted an initiative to bring together the two sides in the deadlocked *Chrysler* dispute over rests from high paint shop temperatures at Linwood, Scotland.

Company executives and union *officials meet separately* tomorrow morning Mr. Eric Varley, Industry Secretary; Mr. Albert Booth, Employment Secretary; and Mr. Bruce Millan, Scottish Secretary; at Mr Varley's office in Whitehall.

Whitehall officials last night denied any connection between the meeting and the expected publication of Chrysler Corporation's first-half figures later this week.

Heavy drain

But the Government's initiative reflects the seriousness with which industrial relations problems at Linwood are viewed.

Disputes at the Scottish plant aggravated by *similar difficulties* at the Ryton factory in Coventry have caused a heavy drain on cash in the last few weeks at a time when Chrysler UK's finances *are precariously balanced.*

The U.S. parent company *which took steps yesterday to re*organise some of its debt-raising operations, is also going through a difficult patch financially. This makes it difficult to come forward *with substantial help to its over*seas operations.

The *Linwood strike, involving* 550 paintshop workers, began 3 weeks ago. The Government succeeded in arranging the meeting at the end of last week after *several days of informal contact* with both sides.

Representing the company at tomorrow's talks will be Mr. George Lacy, the managing director, Mr. Peter Griffiths deputy managing director, Mr. Tom Darby, industrial relations director, and two executives from Linwood.

Both unions

The unions will be represented by Mr. Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers, and Mr. Grenville Hawley, national secre*tary of the Transport and* General Workers' Union vehicles' group, with full-time officials and stewards from both unions in Scotland.

The Scottish plant, which makes Chrysler's Sunbeams and *Avengers, is on holiday until* August 7 and there seemed little prospect of contact between the two sides until after then, had the Government not intervened.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 9½pc 1983	£92⅝	+ ⅝
Excheq. 12pc '13-17	£96¾	+ ¾
Assoc. Newspapers	177	+ 11
BAT's Dfd.	275	+ 11
BPB	230	+ 7
Bluebird Conf.	84xc	+ 12
Booker McConnell	273	+ 12
British Land	37½	+ 2½
Daily Mail A	330	+ 10
Davy Intnl.	270	+ 6
English Property	46	+ 4
Fairdale Textiles	23	+ 4
Flight Refuelling	244	+ 10
Furness Withy	244	+ 19
Gill and Duffus	145	+ 9
Gomme	77	+ 5
Gt. Portland Estates	300	+ 14
GUS A	300	+ 8
Home Counties News	82	+ 10
House of Fraser	147	+ 6
Marks and Spencer	166	+ 4
Matthews (B.)	167	+ 10
Orme Devs.	47	+ 4
Peerage Birmingham	60	+ 16
Petbow	112xc	+ 12
Silentnight	85	+ 7
Wallis	188xd	+ 28
Watmoughs	92	+ 10
Wettern Bros.	90	+ 11
Burmah Oil	73	+ 5
Guthrie	363	+ 11
Pg Cedoid	£18¼	+ 1
Hartebeest	£13¼	+ 1¼
Libanon	570	+ 21
Pres. Steyn	375	+ 32
Randfontein	£33½	+ 1
Venterspost	260	+ 17
West Drie	£23	+ 1

FALLS

Delyn	12	− 3
BP	870	− 8

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For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Conservatives withdraw from Portugal Cabinet

BY OUR OWN CORRESPONDENT LISBON, July 24.

THE PACE of Portugal's political crisis has quickened with the withdrawal early this morning of Conservative ministers from the ruling six-month-old Socialist-Conservative alliance.

Three ministers, including the highly successful Foreign Minister, handed their resignations to Socialist Prime Minister Mario Soares today, following a Conservative Party (CDS) *national council meeting*.

Although CDS leader, Professor Freitas Do Amaral, denied that the withdrawal of his men from the Cabinet was designed to bring down the Government this possibility looms very large given the already stated position of Sr. Soares. Sr. Soares has said he would resign if the Conservatives pulled out of the alliance.

However, Prof. Amaral stressed that his party's decision was aimed at making it easier for Sr. Soares to reshuffle his Cabinet—a so far unmet CDS demand which brought the crisis to its present peak.

The Conservatives claim they are willing to continue with the governing agreement which ensures a stable majority in the 263-seat *Republican* Assembly, but at the price of ministerial changes.

This price tag is presently too high for the prime minister who cannot be seen giving way to the CDS for fear of Communist and Left-wing reaction. Likewise, the Christian Democrats, conscious of their support among the professional elites, the farm owners and a conservativ electorate must press their present attack on the agriculture and health ministers.

The Conservatives want a reshuffle to remove these two men because of opposition to plans for heavily socialised medicine and objection to the way agarian reform is being handled.

Should the Prime Minister carry out his resignation threat, President Antonio Ramalho Eanes is likely to ask him to form a new administration together with the Conservatives. This could allow Sr. Soares to appoint a new Cabinet without the two contested ministers, and so save face for everyone.

Anti-fascist group denies taking part in Spanish assassinations

BY JIMMY BURNS MADRID, July 24.

THERE WERE growing signs today that last Friday's assassination of an army general and his aide was organised and executed by ETA, the Basque extremist group.

As hundreds of paramilitary Civil Guards continued searching for the assassins in a mountainous region north of Madrid, the revolutionary anti-fascist group GRAPO, formally denied any involvement in the killings through a message received by Informaciones, the leading afternoon paper here.

The denial follows a communique issued by ETA at the weekend which claimed that the killings of the military officers had been carried out in revenge for recent police violence in the Basque region.

ETA has claimed responsibility for a major assassination outside the Basque country on only one previous occasion, in December, 1973 when they killed Admiral Luis Carrero Blanco, General Franco's right-hand man.

Until recently, it had been thought that ETA's military wing did not have the infrastructure needed to carry out a large-scale action. If both GRAPO's denial and ETA's claim prove true, however, Friday's assassinations would confirm that a serious and dangerous split has developed within ETA.

On the one hand, there is a moderate "political-military" wing, which prefers a cautious approach to the question of autonomy through alliances with existing radical parties, while on the other is a "military" wing obsessed with armed struggle

● The Spanish Government is well on its way towards reaching its planned reduction of inflation to 16 per cent for the year 1978, according Sr. Jose Luis Leal, the Secretary of State for the Economy.

Sr. Leal, speaking at a weekend seminar organised by the ruling centre party, based his confident predictions on the Spanish consumer price index, which, in the first half of the year, has risen by 8 per cent.

Boussac sells racing stable to the Aga Khan

BY ROBERT MAUTHNER PARIS, July 24.

M. MARCEL BOUSSAC, the 89-year-old French textile king and racehorse owner, whose crumbling business empire was recently brought under the direct control of a commercial court, has sold his racing stable to the Aga Khan for an estimated FFr 41m (nearly $10m).

Among the horses purchased by the Aga Khan is the recent French Prix de Jockey Club winner, Acamas, who came second in last Saturday's King George VI Stakes at Ascot and alone is valued at some FFr 30m. M. Boussac, whose name has been a household word on the world's greatest racecourses since World War I, has sold his stable in a last-ditch attempt to save his group, which must find about FFr 800m to stave off bankruptcy.

Some 21 companies in the group were made subject to a judicial settlement by the Paris Commercial Court on May 31. The decision was extended earlier this month to include M. Boussac's shareholdings and property outside the group, the most important of which is the Christian Dior fashion house, estimated to be worth about FFr 500m.

The sale of his racehorses follows the disposal by M. Boussac earlier this month of his newspaper interests, the Right-wing Paris daily, L'Aurore, and the sporting weekly, *Paris-Turf*, to a group of industrial and financial interests for FFr 80m.

But neither M. Boussac's creditors nor the Government, which is now trying to put together a restructuring plan for the group, have so far been impressed by M. Boussac's personal efforts to put his group's finances in order.

Last month the group's creditor banks blocked a move by M. Boussac to use his personal assets as a means of saving the company because it would have involved dropping their claims on assets that had already been put up as collateral against loans.

Although the Government's avowed policy is to give financial aid only to those "lame ducks" which can demonstrate convincingly that they will be able to stand on their own feet by rationalising and restructuring their operations, it cannot afford to ignore the difficulties of a group employing nearly 12,000 people.

About one-third of the workforce is employed in the eastern French Vosges region, an area already suffering high unemployment.

The final decision by the authorities and the commercial court on the group's future is due to be taken within the next few days. According to some reports, the two companies most likely to take part in a state-arranged rescue operation are the diversified Agache-Willot group, 20 per cent of whose turnover of FFr 6bn is in the textile sector, and the Biderman textile group, with annual sales of some FFr 1bn.

Brzezinski attacked by Pravda

By David Satter

MOSCOW, July 24.

PRAVDA, THE Communist Party newspaper, today attacked Mr. *Zbigniew Brzezinski, President* Carters' national security adviser, and said that his "anti-Communist views" and line of confrontation with the USSR held no promise in the long run.

In a lengthy analysis of Mr. Brzezinski's writings, Pravda said that the Presidential adviser saw conflict as "natural and inevitable" and held that in international relations it was possible to count only on force.

That conception of the world has led Mr. Brzezinski to find common cause with Mr. Hua Kuo-feng, the Chinese leader, estimate "cold-bloodedly" the possible casualties in a thermonuclear war, and argue that the United States needed overwhelming military might, the newspaper said.

Pravda blamed Mr. Brzezinski for trying to gain unilateral advantages for the U.S. in the new stage of strategic arms limitation negotiations

Lome nations oppose EEC line on human rights proposals

BY MARGARET VAN HATTEM BRUSSELS, July 24

AFRICAN, CARIBBEAN and Pacific countries (ACP) party to the first Lome convention today unanimously rejected EEC *proposals to link aid* and trade concessions under a new convention to observance on human rights in the recipient country.

This was one of several major differences to emerge in talks between ACP and EEC ministers as negotiations for the second Lome convention opened formally here today.

Mr. P. J. Patterson, Jamaican Foreign Minister and chairman of the ACP council of ministers, said after the initial talks ended that ACP states would unani*mously oppose* any attempt to include a reference to human rights in the new treaty — either as a formal clause, or in the preamble.

"We cannot tolerate any provisions which could be used by either party to compromise the sovereign right of a state to conduct its own affairs in the way it judges appropriate," he said.

ACP states, as members of the UN, were bound by its charter on human rights and the UN had the necessary legal competence to deal with this question. It had no place in a treaty on economic aid and co-operation; it was not provided for in the Treaty of Rome, and would be an unnecessary feature of a new Lome convention, he added.

The question of human rights is expected to develop into one of the more difficult problems as negotiations proceed, for several EEC members consider their sovereignty is also at stake. As Mr. Frank Judd, UK Minister of State for Foreign Affairs put it today: "In the past, we have been locked into a situation where, if something were badly amiss in an ACP state, we could not withold aid.

"We see Lome as helping governments to fulfil the real needs of their people. When a government is patently and obviously working against the need of its people, economic aid helps that government maintain its oppressive regime."

A more fundamental and economically more significant gap is apparent in the way the two sides approach the current negotiations, expected to begin in September and aimed to conclude next May.

While the EEC regards Lome 2 as an extension, with improvements, of Lome 1, Mr. Patterson made it clear today that the ACP states are looking for a radical overhaul—in effect an entirely new treaty which would "incorporate the strengths and avoid the weaknesses of the former arrangement."

The EEC is also seeking to include new features in Lome 2 as well as the human rights clause. It wants safeguards for EEC companies seeking to invest in ACP countries, and an overall agreement on fishing rights.

Mr. Patterson said most ACP countries already provide investment safeguards

Italian Communists urge action

By Dominick J. Coyle

ROME, July 24.

A WEEK of intense political activity opened here tonight with a *meeting of the Central Committee* of the Italian Communist Party (PCI). This is to be followed next weekend by a caucus of the leadership of the ruling Christian Democrats (DC) seeking to agree on a candidate as party president in the wake of the assassination of Sig. Aldo Moro.

By mid-week the small Social Democrats will also be meeting. But it is mainly the two big political forces who will set the domestic political scene in the run-up to the Parliamentary vacation. The PCI's general secretary, Sig. Enrico Berlinguer, will warn the Government, in effect, that its survival is at risk if agreed all-party programmes are not speedily implemented.

The Communists, for the first time in 30 years, are now part of the governing majority here in Italy, although the PCI does not have Cabinet seats as such. The party has been complaining bitterly in private about the failure of the administration of Sig. Giulio Andreotti to take concrete steps to carry out the package of legislative guidelines agreed on between the main parties earlier this year.

Government and Parliamentary business has been held up very considerably by a number of major developments since then, notably the kidnapping and subsequent assassination of the former Premier, Sig. Moro, and, later, by the sudden resignation of the country's President, Sig. Giovanni Leone, amid widespread, but so far unsubstantiated, allegations of corruption

The eventual election earlier this month of Sig. Sandro Pertini to replace Sig. Leone has removed this particular roadblock, but the private political manoeuvres surrounding his election has created strains both within the ruling DC and also between it and other parties. These internal DC strains may well surface this coming weekend if Centre-Right factions of the party seek to impose one of their number as President to replace Sig. Moro.

Such a move, if successful, could undermine the status of the party moderates, including Sig. Andreotti, and might swing the DC against the present governing alliance with the Communists, a ruling formula which the late Sig. Moro himself did much to chart. It has never been wholly accepted by all Christian Democrats.

French trade in surplus

BY DAVID CURRY PARIS, July 24.

A FURTHER trade surplus in June has confirmed France's positive progress in correcting her external position—one of the planks of the economic recovery programme of M. Raymond Barre, the Prime Minister.

The seasonally corrected June surplus was FFr 459m on exports of FFr 28.9bn while the crude figures revealed a FFr 2.5bn surplus.

While the dip in purchases of imported energy paid in relatively weak dollars helped the figures into the black, the surplus was nonetheless achieved despite a continuing deficit in the agro-food trade, including tropical raw materials, which has been not far short of FFr 1.5bn in the red over the first half of the year.

In this first half, the overall seasonally adjusted figures show that last year's FFr 9.1bn shortfall has been converted into a FFr 708m surplus thanks to exports growing at twice the rate of imports.

The main unhappy note is the declining performance of transformed foodstuffs, a generally weak sector which has defied the attempts of successive Ministers of Industry to make it structurally more resilient. From a FFr 2.2bn surplus in the first half of 1976, this declined to FFr 1bn last year, and in the first six months of this year managed a surplus of no more than FFr 431m.

The motor industry again proved one of the mainstays of the trade performance with a FFr 14.2bn surplus.

Danish deficit reduction

By Hilary Barnes

COPENHAGEN, July 24.

DENMARK'S TRADE deficit for the first half-year was reduced from DKr 10bn last year to DKr 7.6bn, according to preliminary figures from the Bureau of Statistics.

Exports increased by 8.7 per cent to DKr 32.2bn and imports by 1.2 per cent to DKr 39.8bn, but there was a considerable improvement in export performance in the second quarter when they rose by 14.8 per cent to DKr 16.9bn compared with last year. Second quarter imports meanwhile declined by 3.8 per cent to DKr 19.9bn

Britain loses fish supplies

BRUSSELS, July 24.

JOINING THE Common Market has cost Britain more than half its possible fish supplies, Mr. John Silkin, the UK Agriculture and Fisheries Minister, charged today.

British waters, he said, held 62 per cent of fish available to the nine-nation group but Britain got just 26 per cent of the market's catch—or 42 per cent of what it could catch alone.

On the same basis, Denmark got 28 per cent of what its own waters could produce, Belgium 26 per cent, France 20 per cent and West Germany 17 per cent, he said.

Mr. Silkin gave the figures after telling farm ministers at talks here that Britain would not sign new fishing quota deals with Norway, Sweden and the Faroe Islands until a new community fisheries policy was settled.

Britain is blocking agreements on a fisheries policy over its demands for fishing zones and a better share of fish quotas.

Talks have dragged on for 21 months and will resume in September after geting nowhere in Luxembourg last month.

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DKB'S ECONOMIC JOURNAL

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Domestic private demand in Japan is not enough to propel swift recovery

The world economy appears to be following the process of steady recovery, although at a dull tempo.

Japanese business also seems to be making a sound response to this global trend both in the macro-economic and micro-economic phases principally on the strength of the expanding scale of public investment projects taking effect since the second half of 1977.

Brightening outlook

In the macro-economic phase, the growth of gross national product in the January-March quarter of 1978 registered an increase of 2.4 per cent over the previous (October-December, 1977) quarter in real terms (9.7 per cent at an annual rate).

As a result, the real growth of the national economy in fiscal 1977 (April, 1977-March, 1978) stood at 5.4 per cent, up over the revised growth target set earlier at 5.3 per cent for the same period by the Government.

The mining-manufacturing production index in April registered a meager 0.1 per cent increase on a seasonally adjusted basis in a continuous upswing for the sixth consecutive month since last November. On the other hand, the shipment index in the mining-manufacturing sector in April marked a 1.8 per cent decrease from a month before for the first time in six months. As a result, the inventory index showed a 0.5 per cent gain over a month earlier.

As to the future outlook of mining-manufacturing production, the increasing keynote is likely to continue but its growth pace is destined to slacken.

Despite the relatively sound performance in the macro-economic phase, the situation in the micro-economic phase has continued to lack vitality, except in a limited sector.

For instance, the Bank of Japan's short-range corporate business survey for May revealed that the pre-tax profit of major corporations in the manufacturing sector in the semi-annual term ended March, 1978 registered a 4.6 per cent decrease from the previous half-year term, although the dip was about half the sag estimated in its previous survey.

However, the central bank's survey envisages a sound 4.1 per cent increase in pre-tax profit of such major corporations in the first half (April-September) of the current annual business term ending March, 1979.

Nevertheless, the lingering impact of surplus equipment and excess personnel in business and industry still has remained unrectified. At the same time, corporate executives appear extremely cautious over the future course of sales and earnings. All in all, business is not in the mood to feel a tangible return of a boom, at least in the micro-economic concept.

Public demand

However, business has begun to show gradual signs of starting a limited recovery mainly on the strength of the increasing fiscal outlay, centering on public works investments, since last year, although the corporate management streamlining effort based on production cutback and inventory reduction is considered to have been partly responsible.

It thus appears that the fiscal outlay is destined to continue to play a leading role in the business propping program at least in the first half of fiscal 1978.

In addition to the increased fiscal outlay, export trade continued brisk until recently to provide a substantial prop to the demand phase. However, export trade on a yen-denominated basis in May registered only a modest increase of 2.9 per cent over the corresponding month a year before.

It thus seems that export trade as a major prop to demand is beginning to recede. With the export climate growing severer, the recent upsurge of the yen exchange rate in relation to the dollar is likely to offer an additional brake. A slowdown of exports in the future thus is considered inevitable.

Personal consumption expenditure

In response to the recent stabilization of consumer prices, personal consumption expenditure has followed a firm keynote in real terms. According to the Household Budget Survey by the Prime Minister's Office for March, however, real consumer spending by all households in the same month registered only a small gain of 0.6 per cent over the year-ago level.

Among major indicators closely linked with personal consumer spending, sales of larger retailers in April showed a sound 13.0 per cent gain over a year before in nominal terms.

Nevertheless, personal consumer spending has not made a particularly brisk upswing in considering the average outstanding balance of note issues in May and the consumption expenditure survey for the April-June quarter.

Despite some plus factors in prospect, not much can be expected from the sound increase of personal consumption expenditure in view of the three major deterrents:

—The wage hike through Shunto (spring labor struggle for higher pays) this year was relatively small in comparison with the previous year.

—Summer bonuses this year are not expected to be liberal, judging from the course of corporate earnings.

—No specific improvement in the employment situation can be expected.

As to private housing investments, another prop to the rally of domestic business to function with the fiscal outlay, the increase of housing starts over the year-ago level stood at 11.2 per cent in February and 15.9 per cent in March, *although they are estimated to* have shown a 2.9 per cent decrease in April.

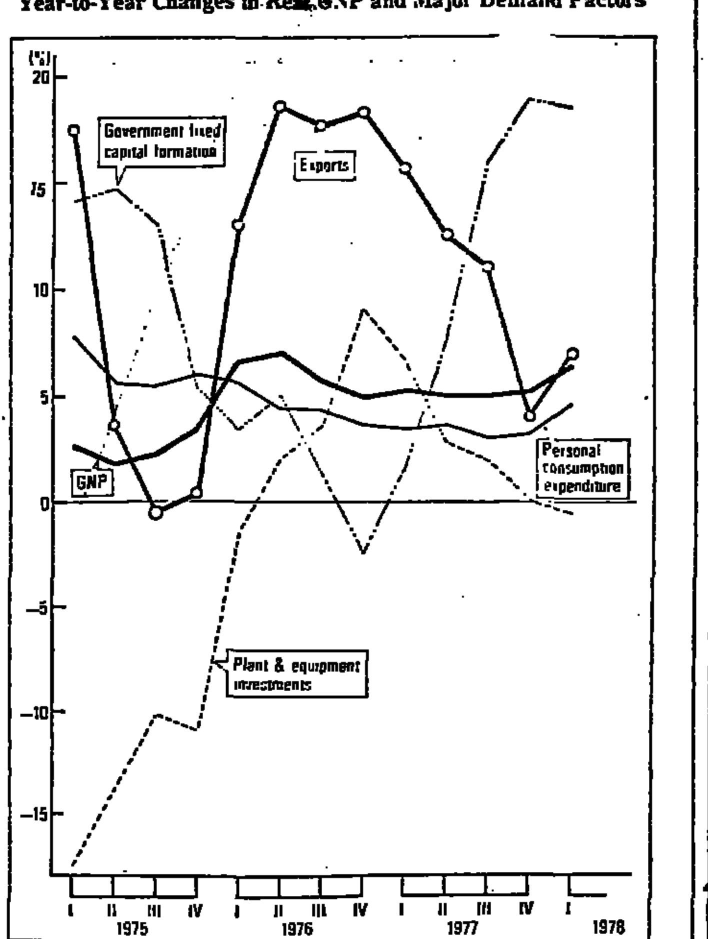
The Government is expected to continue the policy of encouraging housing starts in the future, and housing starts based on public funds are expected to continue brisk for some time. However, the outlook of housing investments as a whole necessarily is not unconditionally favorable.

All in all, demands based on the household budget outlay, such as personal consumer spending and housing investments, are not expected to play a leading role positively to support domestic business, although they may serve to underprop the business course.

Corporate investments

The trend of private plant and equipment investments has continued bearish. Orders for machinery by private industries, exclusive of shipping and electric power (a major leading indicator of plant-equipment investments a few months ahead), for instance, registered a 7.3 per cent decrease in April after a 9.0 per cent increase in March.

Year-to-Year Changes in Real GNP and Major Demand Factors



Source: The Economic Planning Agency

The protracted stagnation of private plant and equipment investments is ascribable more basically to structural factors instead of cyclic causes. At this time when the supply-*demand gap still has remained* noticeably wide, a rapid rally of private plant and equipment investments in the macro-economic phase can hardly be expected.

With reference to inventory investments, the inventory-sales ratio of manufactured products has been gradually declining, although at a slow tempo, indicating progress in inventory adjustment operations.

In contrast, the inventory-shipment ratio of raw and processed materials still has continued to show signs of *swinging up*.

The tempo of inventory adjustment thus has been notably unbalanced according to different business and industrial divisions. Hence, completion of all-out inventory adjustment operations is likely to take time.

EUROPEAN NEWS

Sharp rise in orders for W. German steel industry

BY GUY HAWTIN

FRANKFURT, July 24.

WEST GERMANY'S recession-hit steel industry has reported a massive increase in orders for rolled steel finished products during last month. After two months of heavily declining demand, bookings rose by over 22 per cent.

The news, however, does not appear to give grounds for any great jubilation. The industry points out that the average monthly bookings rate for the first half of the year stands at about 1.85m tonnes, which, although it is at much the same level as during the comparable period of 1977, is still some 100,000 tonnes below the order inflow in the opening six months of 1976.

Furthermore there are no real signs that bookings will continue to show the same level of recovery during the coming months. Indeed July and *August* are *traditionally quiet* months on the orders front. Besides, at the end of the first quarter of the current year, there was a 17 per cent surge in *orders* which was not *main*tained.

One of the reasons for the June rise in orders could be that many customers have been living off their stocks, which have been built up in hopes of a recovery in world demand. Many observers feel that once stocks have been replenished, bookings could well return to their previous low *level*.

Be that as it may, figures released by the Iron and Steel Industry Federation show that overall orders for rolled steel *finished products*—not including semi-finished products, hot rolled strip and special steels—rose by 22.7 per cent in June from 1.66m tonnes to 2.03m tonnes.

The sharpest increase in demand came from countries outside the European Economic Community — this includes the *powerful* U.S. *market*. Orders from these sources rose 35.9 per cent from 582,000 tonnes in May to 791,000 tonnes.

Domestic bookings also showed a hefty increase, rising by 16.8 per cent from 898,000 tonnes to 1.05m tonnes. The recovery in bookings from customers in the EEC was much less marked, but, even so, orders rose by 8.6 per cent from May's 175,000 tonnes to 190,000 tonnes.

Deliveries in June also showed a massive 29.8 per cent rise. They went up from 1.67m tonnes *to 2.17m tonnes. As a result, the* industry's order book dropped by 3.8 per cent from 3.67m tonnes to 3.53m tonnes.

Cuba's 'non-aligned' credentials questioned at Belgrade meeting

BY ALEXSANDAR LEBL

BELGRADE, July 24.

CUBA'S African activities and its close links with Moscow, will be under critical scrutiny from the rest of the non-aligned movement over the next few days in Belgrade. There are fears that Cuba's policies could lead to a showdown between rival factions at the 86-strong movement's *five-day ministerial conference* that opens tomorrow.

Cuba, which is to host the movement's next summit meeting in September 1979, has made no secret of its view that the Communist countries are the natural allies of the non-aligned. Havana would also like to rid the movement of "reactionary elements."

Other countries, however, are *now questioning* Cuba's credentials as a member of the movement in view of its armed intervention in Africa and its increasingly close alliance, political, economic and military, with the Eastern bloc. They oppose the choice of Havana for the next summit and seek, at the very least, a condemnation of Cuban policy.

Cuba's affiliations are only one of numerous problems confronting the Ministers. Conflicts including armed ones between non-aligned countries in Africa and Asia, and struggles within anti-colonialist movements will also be represented in Belgrade. Differing views on various international disputes and controversial *requests to join* the movement or observe its proceedings will also be considered.

Most member countries seem to favour a back-to-the-roots approach. This has been stressed in interviews with Foreign Ministers which the Yugoslav news agency, Tanjug, has published in recent weeks. That means emphasising the identity of the movement as a factor independent of power blocs, and rejecting attempts to divide it on ideological or other grounds. The movement is being invited to see itself as a group of countries with different social and political systems which is united by the struggle for independence, *freedom and equality*.

Floating shop sets sail

BY OUR FOREIGN STAFF

A BRITISH-BACKED floating supermarket left Ostend full up yesterday bound for Dunkirk on its first trip between the two ports selling everything at British prices to French and Belgian shoppers.

A company spokesman said: "There were 659 people on board when the boat left this morning. Another 120 will join it at *Dunkirk. We are fully backed.*" But the 4,000-ton SS Aquamart—a converted British Rail ferry ship — has already run into opposition from both French and *Belgian Governments*.

The Belgian Ministry of Finance confirmed today that customs officers would levy special taxes on all goods to bring them up to and beyond Belgian prices. The taxes include £3 on a litre of whisky, and 50p on a packet of cigarettes.

The British owners of the vessel, Channel Cruise Line, plan to make several trips a day carrying up to 900 passengers at £5 a head, and offering them prices far cheaper than they would pay in Belgium. They have put about £4m into this project.

The idea is to cash in on the great difference between Belgian and British prices, which sends hundreds of shoppers over to Britain on weekend shopping expeditions.

Goods on sale in the vessels 10,000 sq ft of selling space include jewellery, glass, china, clothing, wines, spirits and cigarettes—all duty free.

Kyprianou silent on conspiracy

President Spyros Kyprianou of Cyprus yesterday said legal implications prevented him from making public further details of the alleged conspiracy against his Government, Reuter reports from Nicosia. Since announcing on Wednesday that a conspiracy directed from abroad had been foiled the President has come under pressure to give details, which were expected this week. But in a statement the President said the island's attorney general *had* advised him that it would not be correct for the state to make further public disclosures because of continuing investigations. So far four people have been detained and a number of *senior* Government officials and politicians are being questioned by police.

In a separate statement, the President said there was no *evidence* that *Mr.* Tassos Papadopoulos, who was dismissed as negotiator in intercommunal talks with Turkish-Cypriots had any link with the alleged conspiracy. *Mr. Papadopoulos* had charged that the Government had hinted there were connections and challenged *it* to provide *evidence* and start prosecutions. After a meeting with his ministers and *officials, President Kyprianou said,* "The termination of Mr. Papadopoulos's services as representative of the Greek side to the intercommunal talks has nothing to do with the uncovered conspiracy against the state. No evidence has come up connecting Mr. Papadopoulos with the conspiracy."

Terrorism accord

Britain yesterday ratified a Council of Europe convention aimed at suppressing terrorism. Under the convention, already ratified by Austria, Sweden, West Germany and Denmark, signatory states pledge to extradite people who have been engaged in kidnapping, hijacking or taking hostages, Reuter reports from Strasbourg. It comes *into force* on August 4 except in Britain, where it takes effect in October.

Briton sentenced

A 25-year-old Briton, Mr. Colin Semple, was sentenced to two years and three months in prison yesterday on charges of trying to smuggle an East German out of the country, Reuter reports from Magdeburg. A *British* embassy spokesman in East Berlin said Mr. Semple, arrested on May 12 on a transit autobahn from West Berlin to West Germany, had one week to decide whether he wanted to appeal against the sentence.

Turin bomb

A bomb exploded outside an IBM shop in Turin yesterday, damaging the store and shattering windows of nearby houses, AP-DJ reports. The explosion was not immediately claimed, but police suspect it to have been a *political gesture*.

WEST GERMAN ECONOMIC BOOST

Bonn's dilemma in fulfilling summit promise

BY JONATHAN CARR IN BONN

West German Economics Minister, Count Lambsdorff, who suggests *boosting the economy by reducing direct taxation* to benefit both businesses and private individuals.

FOREIGNERS MAY be excused for trying to stifle a yawn when *told that yet another* talk on economic policy is being held this week in Bonn. West Germany has already committed itself to taking more steps to try to boost growth and has set an upper limit for them (1 per cent of GNP or roughly DM 13bn).

All that remains, surely, is to fill in the details. And this will be done in discussions between the government coalition partners—the Social Democrats (SPD) and the Liberal Free Democrats (FDP) — today *followed by Cabinet meetings* ending on Friday. Then all will be revealed if it has not already been leaked to the Press.

But in fact there are good reasons for taking a close look at what is finally decided. They involve the position of Otto Friedrich Wilhelm Von Der Wenge, Count Lambsdorff, Economics Minister for nine months and "crown prince" in the FDP. The result of the meetings could push Count Lambsdorff further in the direction of the Liberal throne at *present occupied by the Foreign* Minister, Herr Hans Dietrich Genscher.

The question facing the government is simple enough. How can it put to best use the maximum DM 13bn at its disposal (a sum worth comparing with the DM 70bn in spending programmes and tax measures which the cabinet has approved since the oil crisis with the same aim of encouraging economic growth)?

The SPD Finance Minister, Herr Han Matthoefer, and his party colleague, Herr Volker Hauff, have been pressing for a government—induced investment boost in new technology, for example to cut noise, dispose of waste and to keep the air clean. Count Lambsdorff, on the other hand, has been demanding cuts in direct taxes to benefit both enterprises and private *individuals. The SPD approach* brings cheers from the trade unions, who feel quite enough concessions have already been made to management.

Count Lambsdorff's view is supported not only by business but, more immediately important, by the Christian Democrat (CDU)—Christian Social Union (CSU) parliamentary opposition. That is worth stressing since whatever the cabinet decides, it will require the approval of the Upper House of Parliament, the Bundesrat, in which the opposition has a majority.

The essence of the dilemma is this. Should the Government try to direct more public funds into particular investment channels, arguing that tax cuts will simply tempt Germans to save more or take another foreign holiday? Or should it rather cut direct taxes (even if this means simultaneously increasing indirect taxation to keep down government borrowing and interest *rates), arguing that this will* increase demand and encourage entrepreneurs to do their job? All this can be summed up in the question—do we trust the private sector to deliver the goods or don't we?

That is not a new problem for the coalition. But there are several new factors which make it more urgent. The most important is the rise of organised protest groups, including so-called "green parties" of environmentalists and of a movement pressing for tax reform. *Common to all is the feeling that* their special, but legitimate interests, have been ignored by the major parties.

Linked to this is a ground swell of opinion, not yet wholly articulate, which is starting to rebel against the abuses of the country's highly developed social security system.

Only a few years ago the reaction of many to the presence of some one million jobless was to say: "Thank heavens for generous unemployment benefit, which prevents real hardship." Today the reaction is more likely to be: "There are a lot of lazy devils about who don't want to work, and I am financing them every month from my pay packet."

The normal human unwillingness to relinquish hard-earned money is starting to turn into a more urgent pressure which the *main parties will ignore only at* their own peril. To that extent Count Lambsdorff is running with the tide.

Provincial elections last month *in Lower Saxony and Hamburg* alone showed the power of the "green parties." They did not gain the 5 per cent needed for parliamentary representation; but they took votes away from the big parties, and disastrously so for the FDP which vanished from both state legislatures.

Hence the concern with which all, especially the Liberals, are facing the next big election battle in the state of Hesse on October 8. The FDP gained only 7.2 per cent of the vote there in the last elections four years ago. The fear is that an unholy alliance of environmentalists and other disenchanted groups could drag the liberals below 5 per cent there too.

The FDP realises quite well that it has to fight. But it needs a cause and perhaps it will need a new leader. There are increasingly ominous signs for Herr Genscher, *who* has been party chairman since 1974. He was long recognised as a skilled political tactician—contriving to maintain the alliance with the SPD in Bonn but *building* bridges with the CDU in the provinces.

But his stock has plummeted, especially with last month's *election defeats. Some people* high in the party politely suggest that Herr Genscher needs more hlp in bearing the burdens of Foreign Minister and FDP *chairman simultaneously*. Others feel it would have been better had Herr Genscher returned to his old job as Interior Minister when Herr Werner Maihofer resigned from the post last month. Few seem certain that Herr Genscher is the right leader for the coming battle.

Count Lambsdorff is a fighter and an uncomfortable figure for *many even in his own party*. In Bonn, Brussels or Washington he tends to scatter blunt economic observations like shrapnel, leaving behind him a trail of pained expressions and hurt feelings.

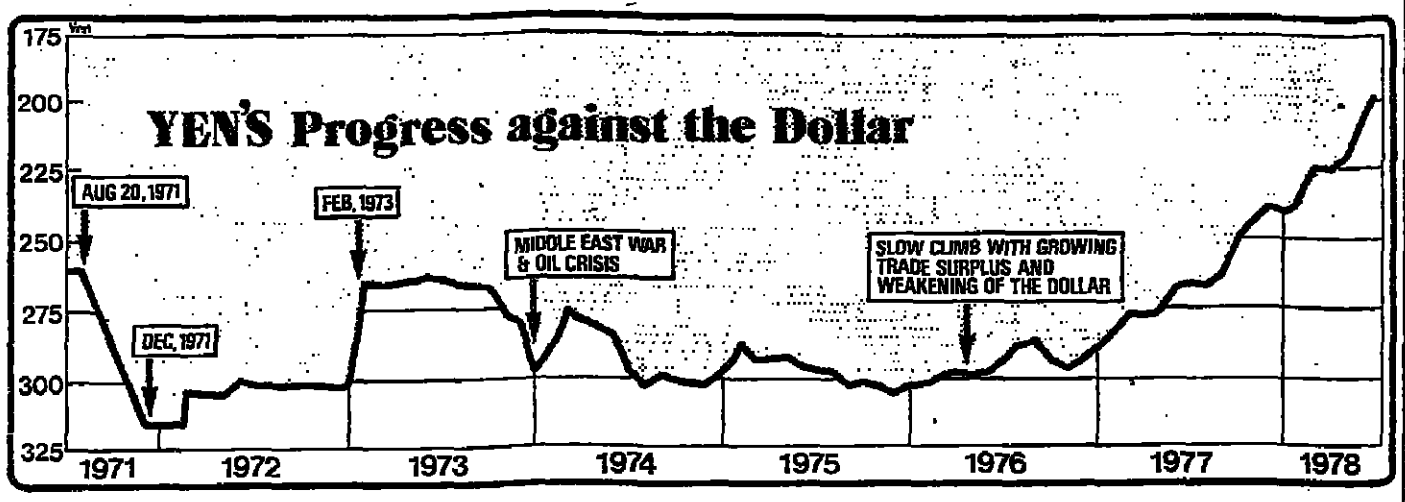
But no one can be in any doubt about where he stands. He has strongly embraced the cause *of tax cuts and individual enterprise* which could well prove a winner. In a letter to Chancellor Helmut Schmidt earlier this month, Count Lambsdorff said that measures of between DM 10bn and DM 15bn would be needed at the start of 1979 — primarily cuts in direct taxation — if a serious increase in unemployment was to be avoided. His position will be greatly enhanced if this view is seen to be the one chiefly prevailing in cabinet this week.

The result of the Hesse election is anyone's guess. The CDU might win an absolute majority there, though this is unlikely. It is slightly less unlikely that the SPD might do so.

But one thing seems certain. If the FDP slips below 5 per cent and vanishes from the Hesse parliament then Herr Genscher's days as party chairman will be *numbered*. Count Lambsdorff would be the obvious successor.

It is a prospect certain to please the mainstream of the CDU, which is always ready for an alliance with free enterprise liberals. It is less likely to please the main body of the SPD, now in coalition with the FDP for almost exactly a decade and feeling the strain.

OVERSEAS NEWS



LANDMARKS in the ascent of the yen since 1971 as described by Charles Smith, Our Far East Editor, are:

August 20, 1971: The yen is freed from its fixed rate of $1=Y360 and starts to float upwards.

December 1971: The rate is fixed as part of the Smithsonian currency settlement.

February 1973: The yen floats after the disbanding of the fixed rate system. It floats upwards until midyear and then starts to weaken slowly.

After the oil crisis the yen falls back abruptly to the Smithsonian level.

Mid-1976: The yen starts to appreciate slowly and reaches $1=Y292 in January 1977.

October 1977: The rate of appreciation starts to accelerate sharply. The yen marks time during the first two months of 1978 while the Deutschemark and Swiss franc appreciate against the dollar.

April 1978: The yen starts to move upwards again.

Dayan reveals Cairo plan

BY DAVID LENNON

TEL AVIV, July 24

EGYPT WILL not agree to the presence of a single Israeli soldier or settlement on the West Bank or Gaza Strip after Israel withdraws under a peace agreement, Mr. Moshe Dayan, the Foreign Minister, disclosed in the Knesset today.

Opening a debate on the Government's foreign policy, Mr. Dayan revealed that during his meeting at Leeds Castle in Kent last week Mr. Ibrahim Kamel, the Egyptian Foreign Minister, had presented a six-point plan to ensure security for all parties.

The Egyptians also presented a three-stage proposal for implementing the peace settlement for these two occupied territories. First, Israel should accept the Egyptian plan for the West Bank and Gaza Strip. Second, there should be a meeting of Israel, Egypt and Jordan, together with Palestinians and the UN to work out the timetable for the withdrawal.

The final stage would be the gradual withdrawal of Israeli troops and the dismantling of the Jewish settlement. This could be carried out over a five-year period, he believed.

To ensure security for all sides, Egypt proposed the following six points:

- Return to the 1967 borders with minor alterations, leaving no Israeli soldiers on the West Bank or Gaza Strip.
- Mutual demilitarised areas on both sides of the border.
- Limitation of forces on each side of the border.
- Presence of UN forces to supervise the arrangements.
- Early warning stations, like those in the Sinai buffer zone between Egyptian and Israeli forces.
- UN or American supervision of the Gulf of Akabar to ensure freedom of navigation.

The Egyptians also pointed out that the establishment of peaceful and good neighbourly relations will also give Israel the security it seeks.

Mr. Dayan said that Israel had informed Mr. Cyrus Vance, the U.S. Secretary of State, at the Leeds Castle meeting that it would not accept any proposal which calls for a total Israeli withdrawal to the borders of 1967. But he said Israel would be prepared to consider a concrete proposal for a peace settlement based on territorial compromise if it were submitted.

Pakistan banks in protest

By Simon Henderson

ISLAMABAD, July 24.

FOREIGN BANKS in Pakistan are protesting to the Government at the new demand that they should deposit with the State bank 7.5 per cent of their liabilities, an increase of 2.5 per cent from the previous level. The banks feel that this action is discriminatory as Pakistan banks still only have to pay 5 per cent of their time and demand liabilities.

Banks affected by this move include Grindlays, Standard Chartered, Citibank, the Bank of America, American Express, Bank of Tokyo, and a Dutch bank. Not all have complained but several have received support from representations by their own governments.

The banks are additionally arguing that they have to pay on the basis of last year's balance-sheet while Pakistan banks are paying the lower amount on 1972 accounts. The guarantee has to be deposited with the State Bank of Pakistan in Islamabad in foreign currency.

Several of the concerned banks expect that either they will not be able to remit any funds abroad this year or they will have to bring in funds to meet the demand.

The Government of General Zia-ul Haq recently allowed new foreign banks into the country for the first time since Mr. Zulfikar Ali Bhutto, the former Premier, nationalised domestic banks during his Administration. It is believed some banks which have applied for a licence under the new scheme may revise their plans if the liability deposit demand is not changed. One of the banks which intends opening up in Pakistan is the Bank of Credit and Commerce International of the Pakistan-born banker, Mr. Agha Hasan Abedi.

Meanwhile, the Government has published a White Paper purporting to show how Mr. Bhutto rigged the March 1977 General Elections. The document, which is over 400 pages long and contains another 1,000 pages of evidence including copies of secret papers, includes the work of a committee of enquiry set up last November to investigate the conduct of the elections. Mr. Bhutto's trial on charges of election-rigging has been delayed during his appeal against a death sentence for political murder.

It was when Mr. Bhutto's Peoples Party won an overwhelming majority in the 1977 elections, that widespread demonstrations occurred, culminating in the takeover by General Zia last June.

Israeli Minister in budget row

BY OUR OWN CORRESPONDENT

TEL AVIV, July 24.

ISRAEL'S CABINET faced a crisis today when Mr. Yigal Hurvitz, the Minister of Industry, threatened to resign over the Government's refusal to trim the budget. But even if Mr. Hurvitz carries out his threat, it is unlikely to bring down the Government.

He is leader of the La'am ("to the people") faction within the ruling Likud-led coalition. It has seven members in the Knesset, two of whom are ministers.

Mr. Menahem Begin, the Prime Minister, would still control 70 of the Knesset's 120 members if the faction left the Government.

Mr. Hurvitz, a hard-liner on peace negotiations, announced his intention to resign this morning when the cabinet approved a supplementary budget of I£28bn (£727m). Mr. Hurvitz argued that such deficit financing, which would be in contravention of Likud's electoral commitments, would involve the printing of I£2.5bn. He could not give his support to such a twist of the inflationary spiral.

Mr. Hurvitz announced his resignation in a note slipped to the Prime Minister during the Cabinet session. It read: "I am out." Mr. Begin said that he did not accept such a note, as resignations had to be formally submitted.

The Prime Minister and Mr. Simcha Ehrlich, the Finance Minister, were due to meet Mr. Hurvitz this afternoon to try to dissuade him from carrying out his threat.

The La'am faction supports Mr. Moshe Dayan, the Foreign Minister. If it were to quit the coalition, one result would be a slight increase in the strength of the more moderate elements from the Liberal Party faction.

Cabinet reshuffle in Iran

BY ANDREW WHITLEY

TEHRAN, July 24.

A LONG EXPECTED reshuffle of the Iranian Cabinet was announced today. Its main feature appears to be a fresh attempt to ensure a sound economic infrastructure, but the Shah's comments to the new ministers also indicated an awareness of the need to tackle what the regime sees as the basic causes behind this year's violent unrest.

Prime Minister Jamshid Amouzegar and the six new appointments—four ministers and two university chancellors—flew up to the Caspian Sea resort town of Nowshahr, where the Shah is recuperating from illness. The Iranian monarch was reported to have ordered priority for better health services and the well being of students.

Family planning and hospital construction programmes are to be expanded, the Shah is said to have told the new Health Minister, Dr. Nassrullah Mojdehi. Apart from being a senator and a trained physician, Dr. Mojdehi is the newly appointed head of one of the "wings," or debating forums, of the single party, Rastakhiz.

The extent of the Shah's dissatisfaction and impatience with macro-planning in Iran is shown by the fact that the planning and budget minister has been changed for the third time in a year. The former roads and transport minister, Mr. Morteza Salehi, takes over from Mr. Manouchehr Agha, a respected economist and friend of the Prime Minister, who moves sideways to become Minister Without Portfolio.

Sarkis renews threat to quit

By Ihsan Hijazi

BEIRUT, July 24.

RENEWED FIGHTING between Syrian troops of the Arab peacekeeping force and Christian militias has pushed Lebanon once again to the brink of another major crisis.

President Elias Sarkis, who only 10 days ago withdrew a threat to resign, said that if clashes recurred, he would leave office.

Artillery and rocket duels during the past three days have raged in the vicinity of the palace. Several times shells started fires in the pine woods behind the presidential residence at Baabda.

The latest violence centred in the Christian town of Al Hadass in the eastern hills overlooking Beirut

CHINA'S DEVELOPMENT

Slow progress on a long march

BY COLINA MacDOUGALL

WHEN CHAIRMAN Hua spoke to a finance and trade conference in Peking recently about the Chinese economy, his real message was that progress was still painfully slow.

Admittedly he gave some optimistic-looking figures for the first half of this year—industrial production up 24 per cent, steel production up 67 per cent, crude oil production up 11 per cent, coal and power production up 19 per cent and 17 per cent respectively. But even Mr. Hua made the point that these are due more to the collapse in output in 1976-77 due to the machinations of the Gang of Four than to a staggering rise in 1978. This was just a recovery and one not yet complete.

In any case, industry is only part of the story. Mr. Hua announced a 5m ton rise in the output of summer-harvested crops, but he did not specify whether this was in grain or other crops.

Provincial reports have spoken this spring of serious drought in north and central China and of drought plus cold in Heilungkiang in the north-east. So far their guarded nature suggests a less rosy view than Mr. Hua's. Chinese foreign grain purchases this year total 4m tons, bringing 1977-78 deliveries to an all-time high of over 15m tons, a sign of gloomy expectations.

Nearly two years after the fall of the Gang of Four, the radical group in the leadership, and a year after the re-emergence of the irrepressible Vice-Premier, Mr. Teng Hsiao-ping, China is still struggling to galvanise its economy.

The country is beset with shortages of expertise, management skills, raw materials, construction materials and even to some extent food.

U.S. analyses of Chinese statistics confirm the impression of an unexpectedly slow recovery last year. Official Chinese figures for the province of Kweichow, thought to be reasonably representative of the provinces as a whole, show that industrial output for a year (May 1976-April 1977) was far below the previous peak of September 1975, and that on average production then remained stationary up to October 1977. The economy has improved a little since then, but not with any speed.

A poem apparently prophecying the fall of Chairman Hua Kuo-feng and Vice-Chairman Yeh Chien-ying, and the rise of Teng Hsiao-ping, is circulating in the Peking Number Two Modern Languages Institute, the Japanese News Agency Kyodo, has reported. Called "An Ode to a Flower and a Leaf," it runs as follows: "When it is warm, flowers (Chinese: hua) bloom and leaves (Chinese: yeh) grow, but when it is cold, flowers fall and leaves fade. Sparrows can never vie with the phoenix, Kings' dreams are destined for ruin." Kyodo interprets the phoenix as being Vice-Premier Teng Hsiao-ping.

The problems are not all physical. The lack of raw materials and production facilities, which Chinese officials freely admit, is compounded by lack of confidence and poor management. Some officials are inefficient, some are afraid of a comeback if they take controversial decisions, some no doubt deliberately oppose the present leadership for political reasons, and some are simly dishonest.

While official accounts even of scandals should be taken with a pinch of salt because of their propaganda value, the large number of cases of corruption revealed this spring in local broadcasting indicates that misuse of State funds has become almost endemic.

Even more of a handicap to progress is today's reluctance among officials at all levels to show initiative. The tide of Chinese policy is flowing strongly towards ideas which two years ago were vehemently denounced and 12 years ago led to the catastrophic drama of the cultural revolution. In the past few weeks Peking has announced a return to the free rural markets and the reorganisation of industry into specialised enterprises. It is hardly surprising that local officials are reluctant to implement these with vigour when such policies ruined many a career before.

Not since 1961, when food production was at an all-time low, has Peking encouraged private trading as openly as did an article in the People's Daily last month. Although it condemned "speculation" (that is the activities of middlemen), the right to "legitimate exchanges between commune members to meet one another's needs" was affirmed. Prices, the People's Daily said, were a matter purely for the buyers and sellers to decide though the "law of value" and State control were supposed to play a part.

In fact the main message of the People's Daily article was to keep out State control as it merely encourages black marketeering.

In industry, the new blueprint for organisation, the "30 points," as it is now called, is based on Teng Hsiao-ping's 1975 document on speeding up development which later was nicknamed one of his "three poisonous weeds." A year ago, just as Vice-Premier Teng was about to reappear in public life, it was reclassified as a "fragrant flower." It is now said that the "30 point" was based on a document originally drawn up at Chairman Mao's behest in 1961. Whatever Mao's involvement, the stress on specialisation, central control and professionalism which they lay down was fiercely attacked in the cultural revolution and the 1976 heyday of the gang.

Besides these immediate problems, modernising the massive Chinese economy at the planned speed—more than doubling steel output by 1985, for instance—will bring tremendous strains. Yet with a population of over 900m which is still increasing at well over 1 per cent annually, it is a task of great urgency.

Even the Japanese, normally great optimists in their predictions about China, suggest that the belt-tightening needed to wring out the cash for the required investment could produce unpredictable strains on the social fabric. In that case, a swing leftwards of the political pendulum would be well on the cards.

The uncertainty about the future of China which even foreigners feel must affect the attitudes to work of many Peking officials. The leadership is currently trying to convince the nation that present policies are not just practical but also correct. The extent to which it is having to argue from first principles was suggested by a recent People's Daily article on how to establish criteria for judging truth.

Clinging to the Thoughts of Mao has hitherto been a fairly safe way out for cadres faced with decisions. Now they are told that Mao is not enough; his thoughts—and those of Marx and Lenin too—must be modified by the changing circumstances of China. This needs boldness which few officials seem inclined to show. Add to this the rifts in society caused by years of the "two-line struggle" plus the potential strains of rapid development, and the hurdles on the road to modernisation look formidable indeed.

AMERICAN NEWS

Chile junta sacks air force chief

By Robert Lindley

BUENOS AIRES, July 24.

GENERAL GUSTAVO LEIGH, commander-in-chief of Chile's air force was expelled from the military junta today by its other three members for disagreeing with "the postulations of the revolution" of September, 1973, in which the armed forces overthrew President Salvador Allende.

Army units this afternoon surrounded the Defence Ministry, where General Leigh was still in the office of the air force commander-in-chief.

General Leigh was replaced immediately in the junta and as air force commander by General Fernando Matthei, the Minister of Mining. This is the first change in the make-up of the four-member military junta—the commanders-in-chief of the army, navy, air force and militarised police—since the 1973 coup. According to El Mercurio, the leading pro-Government newspaper, supporters of the Pinochet regime are deeply divided between "dictatorialists" and social democrats.

General Leigh last week called for a return to democracy in Chile within five years in an interview which he gave while in Italy.

General Leigh said in the interview that he would not accept the participation of Marxist parties, "which have done too much damage to the country." He would let the Christian Democrats take part because "in the great majority of the party's sympathisers, there prevails the highest interests of Chile."

General Leigh demanded the restoration of electoral registers, which he said would take three years to accomplish. He also demanded promulgation of a statute regulating political parties, a law to regularise free elections and a new Constitution which could be submitted to a referendum.

Carter faces Senate tests on Turkey and Rhodesia

BY DAVID BUCHAN

WASHINGTON, July 24.

THE Carter Administration faces two crucial tests in the Senate this week. The first is in its bid to get Congress to lift the 42-month-old arms embargo on Turkey imposed after the Turkish invasion of Cyprus. The second is over the maintenance of trade sanctions against Rhodesia in order not to undermine the Anglo-American initiative there.

The votes, likely to be taken tomorrow, will be on amendments to next year's International Security Assistance Bill.

For the Administration, whose only real foreign policy success with Congress so far has been over the Panama Canal treaty, the stakes are high. President Carter last week called the Turkish arms embargo the single most important foreign policy issue before the current session of Congress.

Yesterday, Mr. Cyrus Vance, the Secretary of State, warned that an immediate end to Rhodesian sanctions could jeopardise the Anglo-American initiative which aims to produce a negotiated settlement involving both the present interim Government in Salisbury and the Patriotic Front guerrillas.

He also warned that an adverse Senate vote — about which the Organisation of African Unity meeting in Khartoum over the weekend expressed serious concern—could equally jeopardise the recent agreement on Namibia.

But the Administration has left it rather later than opponents of sanctions in lobbying Congress. Bishop Abel Muzorewa, one of the black leaders in the interim Rhodesian Government, has been in Washington for a week now, calling on Congress to lift sanctions immediately.

The Bishop's visit was sponsored by Senator Jesse Helms, the most hard-line leader in the Senate of the anti-sanctions lobby, whose amendment to end sanctions only lost by 48 votes to 42 a few weeks ago.

The Administration insists that it wants no conditions attached to an end to the Turkish embargo and a maintenance of Rhodesian sanctions. That is still its public position, and President Carter can of course veto the whole billion dollar Security Assistance Bill. But officials say they might have to accept, however reluctantly, compromise amendments that have emerged on both issues.

An amendment proposed by Senator George McGovern, and supported by the Senate Majority Leader, Mr. Robert Byrd, who rates its chances highly, calls for the lifting of the Turkish embargo on a "certification" from the President that progress towards a Cyprus settlement is being made.

It further aims to assuage the strong pro-Greek lobby by giving Greece an extra $35m. credit for arms purchases. This would bring military credits for Greece to the same level of $175m which Turkey gets at the moment under the embargo.

What the embargo has done is to limit all Turkish arms purchases to a ceiling of $175m a year. Lifting it, without increasing military aid or credits to Turkey, which is desperately short of foreign exchange, might not lead to larger Turkish arms purchases immediately. But the Administration feels it to be a most necessary political gesture to Ankara.

Mr. Vance, who has welcomed the recent conditional Turkish Cypriot offer to let some 35,000 Greek Cypriot refugees return to the Famagusta area once the intercommunal talks resume, has said he would be happy to "report on progress towards a settlement" to Congress.

The Administration is very keen to end the embargo, which has caused a deep rift between Turkey and the U.S., and Turkey and its NATO allies, and which has also led to the virtual shutdown of U.S. intelligence bases in Turkey. But the State Department is not happy to have assure Congress that actual progress on Cyprus is being made.

The Administration is adamantly opposed to the amendment calling for an immediate end to Rhodesian sanctions which Senator Helms is again trying to get passed. But it is pointedly remaining cautious on a compromise amendment proposed by two Liberal Republicants, Senators Clifford Case and Jacob Javits.

This calls for an end to sanctions after free and fair elections have taken place in Rhodesia, and after there has been an all-party negotiated settlement. This amendment would, say its sponsors, make the lifting of sanctions conditional on the actual performance of the present interim Government.

Whatever the Senate votes this week will eventually have to be sorted out with the House of Representatives which is not due to vote on the Security Assistance Bill until next week. So far the House bill calls for a lifting of the Turkish arms embargo in conditional language broadly similar to that of the Case-Javits amendment, but it has no provision on the lifting of Rhodesian sanctions.

USSR objects to plan for new missile

By David Bell

WASHINGTON, July 24.

THE SOVIET UNION was reported today to have raised a potentially serious objection to U.S. plans to build a new intercontinental missile that would be deployed during the lifetime of the strategic arms agreement now being negotiated between Moscow and Washington.

Opinion is divided here about the significance of the Russian objection which, according to reports here this morning, was voiced during a recent meeting between senior Soviet and U.S. officials in Geneva. The fear is that it may signal deep Soviet opposition to the whole idea of a mobile missile system, or M-X as it is known in Washington.

Although the Administration has yet to decide to go ahead with the M-X, it will come under heavy pressure in Congress to do so in coming months — the more so if it can reach agreement on a new SALT treaty. The new missile, under the version of the plan to which the Russians object, would be hidden among hundreds of empty missile silos so that Soviet satellites would be unable to pinpoint which "holes" contain live missiles.

This scheme is being considered as an alternative to another idea which would install a missile in a long trench along which it could be moved. This scheme is increasingly considered to leave the weapons vulnerable to an attack on the trench which would make it difficult to move them.

Not surprisingly, the Soviet objection to the "scattered silo" system is that it would make it extremely difficult to be sure that the U.S. was not "cheating" on the treaty and installing a greater number of "live" missiles than permitted.

Some officials believe that these verification problems are not insurmountable and that the best way to deal with them would be to agree to a restriction on the vehicles that transport missiles from silo to silo.

Guyana votes to prolong Parliament

By Our Own Correspondent

GEORGETOWN, July 24.

THE GUYANA Parliament has voted to prolong its life for 15 months beyond the five-year term ending next Tuesday. It will also take on the task of drafting a new constitution for the country within that time.

This is the effect of two post-referendum measures which were debated and approved at a ten-hour sitting, ending near midnight last Friday, and which were piloted by Mr. Forbes Burnham, the Prime Minister.

They capped three months of bitter political quarrelling over the plans to change the constitution and prolong the life of the Government, at election time, ending with a boycott call from opponents of the Government.

The key implication of the two measures is that General Elections, due not later than this October, will not be held before late next year. The Government has said, however, that it will honour the new deadline of 15 months from July 10.

Opposition speakers in the debates claimed that the official results showing a 71 per cent voter turn-out had been faked and that there were widespread irregularities before and during the polling, including intimidation of voters.

They claimed that the actual voter turnout was in fact less than 10 per cent and so the Government did not have the mandate to advance the measures for delaying elections and writing the new constitution.

Record interest rate likely on new Treasury issue

BY JOHN WYLES

NEW YORK, July 24.

THE U.S. Treasury's quarterly financing programme, to be outlined on Wednesday, is expected to involve the seeking of up to $3bn of new money through issues which will probably feature the highest ever interest rate on a long-term Government security.

This comes at a time when the Administration is anxious about the high levels of interest rates. In a television interview yesterday, Mr. Michael Blumenthal, the Treasury Secretary, said that the "danger point" had been reached at which higher rates could harm the economy.

Among other things, the Treasury Secretary was concerned that the Federal Reserve Board is raising its target for the key short-term interest rate—the Fed funds rate.

Analysts are generally agreed that the Fed's actions in the funds market last week raised the funds rate target, from 7¾ per cent, by about ¼ per cent. This is thought to be a staging post en route to 8 per cent.

In the meantime, the existing ¾ per cent spread between the funds' rate and the discount rate is pushing up bank borrowing from the Fed's "discount window" and so the discount rate is expected to be increased shortly from its existing 7¼ per cent.

These are all factors which will influence the Treasury's financing plans, which are expected to embrace three new issues totalling around $7bn.

After redeeming $4.4bn in maturing notes, the Treasury is expected to seek close to $3bn, in new money through three-year notes, seven-to-ten-year notes, and possibly a 30-year bond.

Union revolt brews over post pay deal

By Our Own Correspondent

NEW YORK, July 24.

THE DISTANT thunder of a rank-and-file revolt against last Friday's tentative pay deal for postal employees was heard over the weekend at union meetings across the country.

Although the extent of opposition to the proposals, which offer 19.5 per cent pay rises over three years, cannot yet be gauged, unofficial stoppages and outspoken criticism of union leaders indicate deep disenchantment in various parts of the country.

The U.S. postal service's 500,000 employees will start voting on the package next week and rejection would be a grievous blow for the Carter Administration's anti-inflation strategy.

FOREIGN BANKS IN NEW YORK

Tighter state control

BY STEWART FLEMING IN NEW YORK

FEARS THAT some banks were facing the threat of unwanted foreign takeovers were a key factor in the New York State Banking Department's decision to seek emergency legislation on foreign bank acquisitions, Miss Muriel Siebert, the New York State Superintendent of Banks, told the Financial Times.

However, the recent wave of proposed foreign acquisitions of banks in the state was raising broad issues of social and economic policy, she added. This could make further legislation necessary.

Nothing should be inferred from the decision to seek new legislation about the Banking Department's attitude to proposed acquisitions of New York banks by foreign banks already announced, she emphasised. New York State had traditionally adopted a liberal posture in allowing foreign banks in, and this had contributed to the growth of New York as a financial centre.

But she pointed out that the size of recent proposed foreign acquisitions, and their long-term implications, were such that the state needed time to study the situation. "What we are seeing now could affect the supply of credit in the state 20 or 30 years from now. I am not saying stop the world but I am saying we should slow down. We need thinking time," Miss Siebert said.

Last week the Banking Department announced that it had introduced legislation into the New York State legislature redefining a bank holding company. The law brings one all companies and individuals under the same regulations as now apply to companies already owning a bank and wanting to make further acquisitions.

The trust of the legislation will have its most direct impact on foreign banking acquisitions, however. At present, a foreigner, either individual or corporate, can buy control of as much of the stock of a New York bank as it wishes. But if it has acquired 10 per cent or more and it actually wants to vote the shares, it then must seek approval from the New York State banking department. The new law, which passed the state assembly last week and goes to the state senate early in August, would require the acquirer to seek approval for the acquisition of 10 per cent or more of a New York State bank.

Besides state approval, a foreign entity wanting to buy a U.S. bank must also under national law, secure the approval of the Federal Reserve Board, the U.S. central bank.

The state however can block foreign acquisitions. The most widely quoted example of such a move was the decision by the state banking authorities to stop Barclays Bank taking over Long Island Trust in 1973.

This year the Hongkong and Shanghai Bank has begun the process of acquiring a 51 per cent interest in one of New York's largest banks, and the 13th largest bank in the U.S., Marine Midland Banks, with assets of $12bn. National Westminster Bank meanwhile has said that it intends to buy 75 per cent of the equity of another major New York Bank, the National Bank of North America, which has assets of $3.8bn. So far neither foreign bank has formally applied for approval by the state authorities. In addition, Arab interests associated with the former U.S. Budget Director, Mr. Bert Lance, have bought a 25 per cent stake in a Washington bank holding company, Financial General Bank Shares, which controls two New York State banks.

New legislation would require any company or individual to seek state approval for the acquisition of ten per cent or more of a New York state bank

Miss Siebert believes that these moves raise far reaching issues. Although some 135 foreign banks, with total assets of around $65bn., already operate in the state, most of their operations are comparatively small, with at most $1-2bn of assets.

There are a number of anxieties. While a foreign bank making an acquisition must disclose to bank regulators detailed information about itself at the time of acquisition, the extent to which U.S. regulators have either the power and expertise to monitor the foreign bank subsequently is uncertain. Yet clearly the condition of the foreign parent can have a profound influence on the health of its U.S. subsidiary.

The question of regulation could clearly come up in the context of the Hongkong and Shainghai deal with Marine Midland because of doubts in the U.S. about the quality of regulation of the former bank in Hong Kong, and also because it discloses less about its operations than U.S. banks are legally required to.

But there are other issues. Miss Siebert is concerned for example about the impact of the acquisition by foreign banks of New York State banks operating outside the city of New York. This, she suggests, could affect the supply of credit to businesses in upstate districts, particularly if the foreign parent found it could earn higher returns by moving local deposits not just out of New York, but out of the U.S.

She points out for example that New York State usury laws limit the rate of interest banks can charge on home loans to 8½ per cent. This limit makes such lending unattractive when interest rates are as high as they are today and might tempt a foreign bank to redirect its lending.

Miss Siebert points out too that unlike savings and loan associations, commercial banks in New York have unlimited freedom to open branches. But they can also close branches without permission, leading to their pulling out of distressed areas. She says that in considering acquisitions, she must consider broader issues than just whether the acquisition was a nice fit for the banks involved.

Among questions which will have to be considered are how many directors a foreign bank puts on the board of its U.S. acquisition, what place it takes in the management, and whether the payment of dividends to a foreign parent should be restricted.

Such questions relate in part to issues of reciprocity: whether a new York bank would be free in the foreign bank's country to undertake the same sort of moves, whether opening of branches or acquisitions, which the foreign bank is proposing in New York.

To some extent these are issues which have been around for many years. Thus Canadian banks are only allowed to open non-deposit taking agencies in the state, because of Canadian restrictions on U.S. banks. But it is clear that Miss Siebert feels that questions such as these have been raised again, and more acutely, by the evidence of the growing attractions to foreign banks of expanding their New York presence.

WORLD TRADE NEWS

Growth of Irish exports now highest in Community

BY STEWART DALBY

DUBLIN, July 24.

REFLECTING WHAT it considers "an admirable case for joining the European Economic Community" Ireland today released export figures for 1977 which it said surpassed in both value and volume terms the export growth rate of any of its fellow members of the Common Market.

The annual report of the Irish Export Board shows that with total sales abroad of £2.5bn in 1977 there was an increase of 35.4 per cent for the year over 1976.

The main stimulus to growth came from the industrial sector where exports of manufactured goods excluding food, drink and tobacco, reached £1.4bn, an increase of 41.6 per cent.

According to Mr. Sean Condon, the chief executive of the Board, the most encouraging aspect of the figures was the changing pattern of exports. This showed a very rapid growth of sales to Common Market countries excluding Britain and Northern Ireland.

Before Irish membership of the Community in 1973, Britain and Northern Ireland were overwhelmingly Ireland's largest market. In 1967 they accounted for 66.8 per cent of the whole.

In 1977, however, the market share of the Irish total fell slightly from 48.7 per cent to 47 per cent. This compares with an increase in exports to EEC countries excluding Britain from 27 per cent of the total to 29.2 per cent. In the ten years from 1967, sales to EEC excluding Britain have more than tripled from a market share of 9.4 per cent.

While Ireland's agricultural exports have benefited considerably from the Common Agricultural Policy, particularly during the transitional period to full membership which ended on July 1 last year, the improvement in industrial exports to the EEC has been more marked.

The board says this is because in the past three or four years industry has been able to maintain output at a high level and to do so in price competitive terms.

Mr. Condon said that certain industrial sectors can now maintain export business of levels of up to £50m. "This would not have been possible five years ago."

One area Mr. Condon specified was textiles. He said the industrial performance reflected the success of the Irish Development Association's attempts to attract foreign industries.

He added that because partly of promotional activities, these new industries were not dependent on the British market and the fluctuations in the fortunes of the British economy but were increasingly tailored for the EEC.

MR. FRANK WEIL, the U.S. Assistant Commerce Secretary, says the U.S. trade deficit this year will probably be modestly larger than 1977's deficit although U.S. import growth will moderate and exports will pick up over the balance of the year, reports Reuter from Washington.

New production of Alaskan oil has already helped reduce oil imports to about 9 per cent below last year's levels, he told a Senate Foreign Relations Economic Subcommittee. Reuter.

Soviet figures reflect some increase in trade

BY DAVID SATTER

MOSCOW, July 24.

THE VALUE of assets of the Soviet Bank for Foreign Trade increased 12.8 per cent last year to 29.5bn roubles (£22.7bn) according to figures released at a meeting of the Bank's shareholders, the Soviet news agency Tass reported.

Western bankers said the increase reflects growth in the volume of Soviet foreign trade. It is a smaller increase, however, than that in 1976 when the bank's assets increased 17.6 per cent to 26.1bn roubles (£20.1bn). In 1975, the Bank's assets increased 34 per cent.

Tass said that the profits for the Bank, which handles all Soviet foreign trade, increased considerably during 1977 but gave no figures.

The shareholders in the Bank are other Soviet organisations. The largest single shareholder is the Soviet state bank, Gosbank.

Tass said that there was considerable growth of foreign trade credits granted by the Bank last year, but again no figure was given.

The shareholders were told that the Bank's joint stock and reserve capital during 1977 grew 100m roubles (£77m) to reach 935m roubles (£719m), Tass said.

Russian faces EEC critics

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE SOVIET shipping official most concerned with Western accusations of undercutting of freight rates by the Russian merchant fleet will come face to face with his opposite number in the EEC at a two-day conference in Brussels in September.

European shipping nations, including Britain, have accused the Russians consistently of cutting their freight rates by up to 50 per cent in attempts to undermine western shipping interests.

The Russians deny this and have claimed also that their fleets have not expanded faster than necessary to meet their expansion in international trade.

Members of the EEC have no coherent shipping policy to match competition from Russia and this will be one of the main themes at a seminar organised by Seatrade journal for September 11 and 12.

Mr. Richard Burke, the member of the European Commission with special responsibility for shipping, will give his view of the EEC's relationship with European shipping interests and Mr. Igor Averin, head of the foreign relations department at the Soviet Merchant Marine Ministry will defend Russian shipping policy.

UNDERSEA PIPELINES

Italian barge ready for link with Algeria

BY PAUL TAYLOR, RECENTLY IN TRIESTE

IN SEPTEMBER Castoro Sei, the largest and most technologically advanced pipe laying barge, will begin work on the Algeria to Italy gas pipeline. If successful, the Italian-designed and constructed semi-submersible could have a dramatic impact not only on the economy of Italy but also on marine energy collection throughout the world.

Saipem, the construction subsidiary of the Italian national energy group, Ente Nazionale Idrocarburi, took delivery of the Castoro Sei on Saturday amid suitable pomp and ceremony and high hopes for the future.

Built by the Trieste-based Italcantieri, the major subsidiary of the state controlled Fincantieri group, after almost eight years of design work and tests, the Castoro Sei cost $140m and was financed in part by Saipem itself with the support of international banks.

After tests in the Adriatic, the barge will begin work on the $31bn gas pipeline linking Algeria and Italy later this year in the Messina Straits.

The pipeline has been the subject of discussions and bargaining between Italy, Algeria and Tunisia for more than a decade with the contract finally signed last year. It will supply Italy with 300bn cubic metres of Saharan natural gas over 25 years starting in 1981.

The development of the Castoro Sei is a spectacular achievement for the ENI group and Italcantieri. It has made the pipeline a commercial possibility and its unique characteristics and capacity for pipe laying in extreme conditions have already aroused the interest of other international petrochemical groups.

Castoro Sei can lay pipe in water depths of over 2,000 feet, well out of reach of either divers or conventional pipe laying barges. Its capacity to operate in virtually all weather conditions and ability to retrieve and repair pipes will effectively dispense with the "weather window" restrictions on existing operations and enable Saipem to offer a more complete and efficient service to customers.

Mr. Dario Dall'Aglio, Saipem's commercial development manager, said the company has already had inquiries from possible contractors. It is hoped that the Castoro Sei may have a significant impact on energy collection in the deeper waters of the North Sea and other areas of the world like the Canadian Arctic.

Apart from the obvious feelings of pride expressed by Saipem and ENI representatives at the Press preview of the barge last weekend, the Castoro Sei will provide the means to meet Italy's energy requirements into the next decade.

The pipeline will stretch 2,500 km from the gas field of Hassi R'Mel through Tunisia and across the Straits of Sicily before crossing the Straits of Messina to the Italian mainland.

At present the pipeline is scheduled to terminate near Bologna, but there are provisions to extend the line to other European countries like West Germany and France making Italy "Spaghetti Junction" for a gas pipe network covering Europe.

The 300 km sea-bed section of the route is fraught with difficulties which the new generation barge is designed to overcome. Never before has a pipeline been laid at such depth—up to 1,650 feet below the surface of the Mediterranean—and across such an uneven sea floor.

By comparison the Ninian pipeline, laid by the Viking Piper semi-submersible, only reached depths of about 500 feet. Technically the new vessel is the result of years of planning by ENI subsidiaries based on experience gained during contract work and trials in the Messina Straits.

The efficiency of a pipe-laying vessel is largely determined by its ability to operate in adverse weather conditions. To this end the Castoro Sei has two hulls connected by ten tubular constructions. By using ballast tanks the draught of the vessel can be altered according to the prevailing weather conditions.

The 30,000-ton vessel is 152 metres long, has living accommodation for a crew of 270, diving facilities, two 187-ton gantry cranes, and a heli-deck.

The whole pipelaying operation, including pipe position, is computer controlled while the four variable pitch propellers fixed in the four corners of the barge provide not only the means of propulsion but also the pin-point positioning accuracy required for pipe laying.

It is expected that Castoro Sei will be able to lay about 3 km of pipe per day in normal conditions using a revolutionary pivoted ramp replacing the conventional "stinger" over which the pipe is fed out from the vessel.

Although no fixed daily contract price has been fixed by Saipen, Mr. Dall'Aglio believes the Castoro Sei will be capable of competing with existing lay barges for contracts, and, by virtue of its increased capacity and efficiency, of securing the more difficult contracts for the company.

Rolls-Royce Motors hits at measures against luxury cars

BY DAVID LASCELLES

NEW YORK, July 24.

ROLLS-ROYCE Motors, which has just been granted a brief reprieve from U.S. fuel conservation rules, has warned here through its senior executive that political efforts to stifle demand for specialty and luxury cars could also harm the world's volume manufacturers.

Mr. David Plastow, group managing director of Rolls-Royce Motors said at the Automotive World news conference in Detroit: "It is dangerous nonsense for legislators or bureaucrats (in the U.S. or Britain) to decide that it is good to level down to a basic type of car."

He added that there would also be a major profitability problem for the mass producers of automobiles if world markets moved downwards "wholly into smaller cars with less added value." Since the beginning of the industry, the principle of trading up has ensured the growth and profitability of the industry, he said.

Mr. Plastow's words came only a few days after Rolls-Royce motors was exempted by the National Highway Traffic Safety Administration from American fuel consumption requirements for this year. These say that each automaker should adapt his range of models so that their average consumption is 18 miles per gallon.

Rolls-Royce, which does not make a range of models in the full sense of the word produces cars with an average weight of two tons and fuel consumption 10.9 miles per gallon.

Mr. Plaston acknowledged that Rolls-Royce had an interest in preserving the luxury car market. But while the company was trying hard to improve the fuel economy of its cars, it could not go beyond a certain point "or we will not be making the car a Rolls-Royce owner wants."

Rolls-Royce, whose international division is located in the U.S., has been mounting a vigorous campaign on behalf of heavy duxury cars, arguing that their excess fuel consumption represents only a miniscule fraction of total car petrol used.

This campaign is spurred by the fact that of Rolls-Royce's total annual car production of some 3,200, exactly half are sold in the U.S.

Chieftain tank engines

An order for engines for Chieftain tanks to be supplied to Iran, mentioned in the Financial Times on July 18, was incorrectly stated to have been won by Rolls-Royce Limited. The order was in fact won by Rolls-Royce Motors Limited.

Indian plan for another car factory

By K. K. Sharma

NEW DELHI, July 24.

INDIA's Ministry of Industry is studying foreign collaboration proposals for setting up another public sector car plant in the country. Talks have been held with Citroen of France and Fiat of Italy.

Three outdated models, made originally in collaboration with Fiat, Morris and Standard, are presently made in India but these are considered not only to be obsolete but also expensive to make and run. The Ministry is now looking for a car with a new generation engine and cheaper bodywork so that costs can be reduced.

Present thinking also is to export the new model to markets in Middle East and Africa and hence a large plant with economies of scale is being considered.

However, priority is still to be given to improving public transport and production of lorries and trucks is stepped up to take into account both defence and civil needs. Discussions are being held with Fiat, Mann of West Germany and Leyland Vehicles for a new project.

● The state trading corporation has joined hands with eight jute mills and five other mills to form a consortium to promote the export of hessian and sacking. Three of the mills are nationalised.

The consortium will tap new markets in the Middle East, South-East Asia and Africa and also bid for international tenders.

West German companies in deals worth DM400m

FINANCIAL TIMES REPORTER

TWO WEST GERMAN companies have received large orders for construction work in China and Dubai.

Uhde of Dortmund has won a contract from China worth about DM 200m (£50m) to supply five chemical plants, most of them for the chemical complex which is planned for Tasching in the north west of the country.

This contract, which is from the China National Technical Import Corporation, is for an acetaldehyde plant at Tasching, one at Kirin and another at a site near Peking, and an ethanol plant and a high pressure polyethylene plant for Tasching.

The Dubai order is for KHD Industrieanlagen which has been contracted by Dubai Aluminium to build a DM 200m (£50m) anode unit, part of an aluminium plant which is to be built by British Smelters Construction.

KHD is a subsidiary of Kloeckner-Humboldt-Deutz. Long term finance for the anode unit is to be provided by Westdeutsche Landesbank Girozentrale.

£15m grant for Assam

Mrs. Judith Hart, the Minister for Overseas Development, has approved the allocation of a £15m grant from aid funds to India to assist the construction of an urea fertiliser plant at Namrup in Assam Province. It will be tied to the purchase of goods and services from Britain.

The Indian Government aims to achieve self-sufficiency in nitrogen fertiliser and this new plant, to be built alongside two existing plants, will help to achieve this goal. It will have an annual capacity of 330,000 tons and is due to be commissioned in 1981.

Graders for Tunisia

Aveling-Barford has signed its biggest ever export contract with Tunisia—a £1½m order for 50 MT motor graders.

Tunisia's Ministry of Equipment chose the MT tandem drive, leaning front wheel steer graders for its national road maintenance programme following the successful introduction of 10 similar machines last year.

Delivery of the first 10 graders will be made at the end of the year, with the balance following in two shipments by May, 1979.

Panama power order

ASEA, Bofors-Nohab and the Norwegian company, Kvaerner Brug, have secured a $14m contract from the Instituto de Recursos Hidraulicos Y Electrificacion (IRHE) of Panama to supply three Pelton turbines, generators and transformers for the LA Fortuna power station, reports William Dullforce from Stockholm.

The Pelton turbines, designed by Kvaerner, have five jets and operate at a nominal speed of 514 r.p.m. The vertical-shaft generators will each have an output of 105 MW. Delivery will take place in 1980 and 1981.

Under earlier contracts with IRHE, ASEA is to deliver all the electrical equipment including four 27 MVA generators, for the La Estrella and Los Valles power stations. La Fortuna is located in the same area.

HOME NEWS

Callaghan seeks cut in form-filling

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE PRIME MINISTER yesterday launched an inquiry by Ministers and civil servants into means of cutting the number of forms which have to be filled in by industry, especially by small companies.

He wanted a more critical and imaginative approach adopted to the problem. He was not satisfied that enough was being done to control the quantity and complexity of Government forms.

Mr. Callaghan told the Commons he had written to Ministers instructing them to undertake a thorough review of all administrative forms and regular statistical inquiries for which their departments were responsible.

Mr. Callaghan's initiative is partly the result of the work that Mr. Harold Lever, Chancellor of the Duchy of Lancaster, has been doing since autumn in co-ordinating and expanding the Government's policies on small companies. Mr. Lever has found that form-filling is a big problem for the small businessman and he has been urging Government departments to simplify procedures.

Two sorts of Government forms will be covered by the inquiry. One is administrative forms which help Government departments carry out their policies, for example by providing information on which taxes and duties are assessed and pensions and benefits issued. The second are statistical forms which cover a total of 500 regular surveys such as the annual census of production and inquiries on quarterly manufacturers' sales.

In a letter to Ministers about administrative forms, the Prime Minister sets down five questions which should be asked. These cover whether the procedure to which the form relates is essential, whether each item of information is needed, whether the form could be simplified or filled in less frequently and whether small companies could be exempted.

On statistical surveys, Mr. Callaghan has told Ministers that he is convinced there is substantial scope for reducing the burden on industry, especially small companies, without serious detriment to the Government's requirements.

"Small companies are seldom equipped to handle such inquiries and the task falls on the proprietors or managers whose time could better be devoted to running the business."

A Minister in each Government department is to be given responsibility for the enquiry and the size of the Department of Industry's small companies division is being expanded to help with the work.

The statistical forms review is to be supervised by the Central Statistical Office

Fringe support hits Bank profit again

BY MICHAEL BLANDEN

FURTHER SUBSTANTIAL provisions against the Bank of England's losses on the fringe "lifeboat" support operation again have hit the profits of its banking department.

The Bank's annual report showed yesterday that even after allowing for the offset from a reduction in its provisions against its holdings of gilt-edged stocks, its provision for losses in the past year totalled £10.2m.

This was a reduction from the £16.2m set aside in the previous year. It brought the total amount of provisions disclosed by the Bank in the past four years, as a result of its involvement in the lifeboat, to £50.5m.

The profits of the banking division rose sharply from £13m to £20.6m at the operating level. As well as the lower provisions, this reflected particularly a sharp decline in the amount of interest paid by the Bank to its depositors from £25.7m to £17.7m.

The two main acquisitions made by the Bank as a result of support operations, the Slater Walker Ltd. bank and the EBS Investments company which bought certain assets from Edward Bates, have not been consolidated with the accounts.

The Bank has published a description of its involvement with the lifeboat and with those two companies in particular in recent evidence to the Wilson committee on the financial institutions. The accounts of Slater Walker are to be filed separately.

Commenting on the lifeboat, in which the Bank had a 10 per cent share, the report said that the special committee of the Bank and the clearing banks which was set up in December, 1973 continued to meet, although less frequently than in previous years.

The number of active companies still receiving support had fallen to four—of which two account for the great bulk—and the amount of support outstanding had been reduced to about half the peak level of about £1.3bn reached at the end of 1974. The amount "is expected to continue to fall steadily."

Discussing arrangements for the supervision of the banks—due to be taken a step further today with the publication of draft clauses for the planned new legislation on the subject—the Bank disclosed that it had made a start on talks with senior management of some foreign banks with branches in the UK.

These totalled about 140 and it was intended that such discussions should be steadily extended to cover more of these banks and should be held annually thereafter.

The accounts again showed a rise in the use made by the public of higher-denomination banknotes. The £10 and £20 notes at the end of February accounted for 39 per cent of the value of notes in circulation against 33 per cent a year earlier.

The value of £5 notes dropped to 47 per cent of the total and of £1 notes to 10 per cent.

Lloyds Bank may cut trust branches

By Michael Blanden

LLOYDS BANK is to carry out a review of its trust division which may lead to closure of one or two of the 43 branches in the trust division in England and Wales. But the bank stressed yesterday that there was no question of loss of jobs among the total of some 2,100 people employed by the division.

The problems of Lloyds trust division have already aroused some concern among employees. The bank said staff would be kept fully informed of any proposals for changes. A three-man team is being appointed to carry out the review.

The trustee business of all the big banks, which includes investment advice and management has been finding difficulty in making profits recently. Lloyds said that "it is generally known that trust business has not been particularly profitable."

£2.5bn funds

The bank has submitted proposals for increased charges for trust business to the Price Commission, and these are now going ahead. It feels it necessary to undertake "a thorough review of the resources and the business potential of our trust division."

It would be some time before the findings and their implementation took place, but it was "not inconceivable" that the bank might close one or two branches.

Lloyds trust division has already closed one branch last month, in Wolverhampton. The division manages a total of some £2.5bn of investment funds, including the group's own four unit trusts, on behalf of customers.

Acrow to stage engineering show

KEMPTON PARK racecourse, near Hampton Court, will be the site of the Acrow international engineering group's world convention to be held in September at a cost of more than £1m.

From September 14-28 nearly 1,000 delegates representing Acrow overseas companies and agents from 82 countries will be in Britain as the company's guests. Acrow claims it will be the biggest exhibition ever staged by a UK industrial group.

The value of the products on display is put at £10m and the highlight of the event will be a spectacular "drive-past" on September 15 in which giant self-propelled mobile cranes, excavators, bridges and a diverse range of engineering equipment will pass the grandstand in an hour-long procession.

Worrying outlook for engineering, say employers

THE RELATIVE inability of the UK to export engineering products to its Common Market partners is a major cause for concern, says the Engineering Employers' Federation in its latest quarterly economic report.

And in the shorter term, the federation suggests that although the first quarter of 1978 did see some improvement in the fortunes of the industry, "many worrying features remain and the outlook is by no means encouraging."

Dealing with the UK's trade balance with the EEC, the federation compares the performances of three major categories of engineering goods since 1973.

In that year all three showed a slight deficit in their trade with the Common Market. By the beginning of 1978, following sharp reversals from mid-1977 onwards, the adverse balances had reached around £50m for electrical engineering; £100m for mechanical engineering and nearly £200m for transport equipment.

On exports generally, the federation says Britain's share of world exports in engineering goods fell in the final quarter of last year and is unlikely to have recovered in the first quarter of 1978. "Indeed the appreciation of sterling in that quarter is likely to affect export orders and therefore deliveries adversely over the coming months."

For the performance of export orders over the past year suggests that exchange rate levels do have a strong influence on the demand for engineering products from abroad, according to the federation. However, "the extent of the influence varies from product to product."

The federation points out that new orders, production and deliveries all rose in the first quarter of 1978, as did profits and investment. In addition cost pressures on the materials side continued to fall.

It adds a warning, though, that by the end of the quarter there were signs that the growth in orders is to be short-lived and cost pressures on the wages front are strengthening. Efforts to raise productivity to offset these pressures "are not succeeding as fast as might be hoped and the consequent increase in unit wage costs will not help margins or competitiveness."

And without significant improvements in competitiveness, by way of increases in productivity outweighing increases in earnings, "there is little hope of raising production and thus increasing employment in the industry."

Levels of both real profits and investment in engineering are still extremely low by historic standards, the federation says.

The Engineering Industry in Figures, free, from Engineering Employers Federation, Tothill Street, London, SW1H 9NQ.

Merged savings bank backed by £670m

FINANCIAL TIMES REPORTER

A NEW Trustee Savings Bank, to be formed by the merger of the TSB North West Central and the TSB Mid-Lancashire and Merseyside, will be the largest in the UK with combined assets of £670m.

The new group, the Trustee Savings Bank North West, will have more than 2m customers and will cover Merseyside, Greater Manchester—including branches in Lancashire and Cheshire—most of Derbyshire and the Isle of Man.

The merger is the latest to take place after the issue of the Page Report in 1973, which recommended the number of Trustee Savings Banks should be reduced by amalgamations from 73 to under 20.

It means that there will be 18 TSBs. No further mergers are envisaged.

The bank will have a customer ratio to population covered of approximately one in three. This is the strongest coverage of the market outside Scotland where the TSB movement originated.

The head office of TSB North West will be in Manchester and the chairman will be Mr. W. Appleyard, now chairman of TSB Mid-Lancashire and Merseyside. The general manager will be Mr. A. Owen, now general manager of TSB North West Central.

Scottish glass plant work starts

BY OUR GLASGOW CORRESPONDENT

WORK ON building a factory complex for Caithness Glass, one of Scotland's leading glassware producers, was begun yesterday by the Government-backed Scottish Development Agency at Inveralmond, near Perth. The plan has aroused harsh criticism from two smaller companies in the glassware business.

When the £800,000 project was originally announced, Perthshire Paperweights and John Moncrieff, both local companies, said the agency was using taxpayers' money to subsidise competition for their markets and skilled labour forces.

Sir William Gray, the agency chairman, replied that the two companies were selfishly seeking to maintain a local pool of unemployment so that they could keep down wages.

Yesterday Lady Mackie, wife of the chairman of Caithness Glass, cut the first turf for the new factory. The factory, being built by Norwest Holst Scotland, is due to be ready by the middle of next year, when it will provide more than 100 jobs.

Mr. Lewis Robertson, the agency deputy chairman and chief executive, announced yesterday a £125,000 investment in GR International Electronics, which employs 300 workers making audio and scientific equipment at Almondbank, near Perth.

Cautious outlook for textiles

BY OUR TEXTILES CORRESPONDENT

OPTIMISM EXPRESSED earlier this year over textiles prospects in the UK is now being replaced by a greater degree of caution, according to the first of a new series of three-monthly reviews of the sector by Henry Cooke, Lumsden, stockbrokers.

The report points to the 10 per cent rise in share prices in the sector overall in the early months of this year as a result of hopes of a positive impact on levels from the newly-signed GATT multi-fibre arrangement and expectations of strong growth in UK consumer spending and increased exports.

"Latterly," the review notes, "all three have been subject to more bearish re-appraisal and this, coupled with increasingly cautious comment from the four majors Courtaulds, Coats Paton, Tootal and Carrington Viyella has produced a fall in the sector's price relative, as enthusiasm has waned. The feeling has grown that most of the short-term good news has now been heard."

The authors of the report claim that the cautious mood over textiles is likely to continue until firmer indications on second half trading appear in September, and movement of the sector price relative is therefore expected to be limited.

Change in rules means fewer foreign programmes on ITV

BY ARTHUR SANDLES

TIGHTER RULES on the amount of foreign material on ITV, introduced by the Independent Broadcasting Authority, will mean a cut-back in U.S. programmes on British screens. The average amount of home-produced material is being raised from 84 per cent to 86 per cent—although in peak hours the effective cut in imported programming is from around a quarter to just over a fifth.

Details of the IBA rulings will be followed by Government announcements on policies for the future of broadcasting, expected in a White Paper likely to be published—printing delays allowing—later this week.

Traditionally most ITV imported material comes from the U.S. and most of that goes on the air in peak hours. Even the new rules mean that a programme company can, in theory, devote more than 30 per cent of its peak programme time to old feature films and imported material.

Imported news and sports material, such as the Olympics or World Cup, are not counted as foreign programming. "The new rules take into account the benefits to the television service of popular and distinguished programmes from overseas," the IBA said last night. "But the aim is to improve further the British flavour of the schedules and to give added scope to the talents working in television in the UK."

Under the rules, all material from outside the UK will be classified as foreign, regardless of its origin. The old rules had special sections for Commonwealth material. The lower average foreign-produced percentage of 14 per cent will be reached in stages by the summer of 1979 and companies will be jugded on a six-monthly average performance.

In the peak hours of 6.30-10.30 Mondays to Saturdays and 7.15-10.30 on Sundays the maximum of overseas material in any week will be five and a half hours. Co-productions will be individually assessed as to whether they are British or foreign.

Travel cheque scheme opposed

BY MICHAEL BLANDEN

BANK OF AMERICA yesterday dissociated itself from plans recently announced by the two leading international bank credit card organisations, Visa International and Interbank, to launch their own travellers' cheque schemes.

The bank made it clear that it did not intend to participate in these developments, and said that the two credit card groups should take care in planning their new venture.

The news could prove a further blow to the two card organisations. It followed the announcement earlier this month by Mr. Dee W. Hock, president of Visa, that the group was to sound out member banks on the proposal to start travellers' cheques.

This followed the announcement last month of similar plans by Interbank, which owns the rival Master Charge organisation.

Vigorously

BankAmerica Corporation, which developed the card organisation which eventually became Visa, said it would "compete vigorously against the new travellers' cheques and will continue to maintain a strong position in the market place with its own BankAmerica travellers' cheque programme."

The bank had sold its own cheques since 1928 and they had annual sales of more than $3bn. Although a member of both credit card associations, the bank did not offer all their services.

Mr. Ernest J. Young, president of BankAmerica Travellers Cheques, said that financial institutions considering participation in the new schemes should "study the numbers carefully."

The business, he added, was characterised by high volume and low profit margins. "It is almost impossible to make money unless sales are in the hundreds of millions of dollars."

In recent years, he added, banks had been "getting out of the business of issuing their own travellers' cheques rather than getting into it."

Companies fined over drum leaks

TWO COMPANIES were fined a total of £1,050 by magistrates at Felixstowe, Suffolk, yesterday after firemen had spent two hours at the docks isolating eight leaking drums of methanol being carried on two lorries.

The drums had not been labelled inflammable, the drivers were completely ignorant of existing safety regulations and were not carrying fire extinguishers, the court was told.

Unalco, a petroleum subsidiary of Tate and Lyle of East Greenwich, London, and the transporter, Owen Dives, of South East London, admitted 13 offences relating to the incident.

Unalco was fined a total of £700 and Owen Dives was fined £350 and each company was ordered to pay £50 costs.

New order affects printers

By Our Consumer Affairs Correspondent

The Price Commission yesterday laid an order which will prevent companies which price their goods on the basis of long-term escalation price contracts from recouping costs incurred before August 1 last year. The companies affected are mainly printers or those in the construction business.

The order, which has been attacked by the printing industry because of the way it impinges on their contracts with Her Majesty's Stationery Office, relates to the productivity deduction in the old Price Code. This prevented companies passing on more than a proportion of increased labour costs in higher prices. The new order prevents companies recouping the deduction when revising long-term contracts.

Treasury gives new dividend control plans

BY MARGARET REID

ARRANGEMENTS FOR applying the Government's revised, and partly relaxed, dividend control, under powers proposed to be extended for a further year to July 31, 1979, through the Dividends Bill now before Parliament, were described in a statement by the Treasury yesterday.

This confirms that the basic permitted rate of increase in ordinary dividends will remain at 10 per cent and that other aspects of the existing controls, such as those relating to rights issues, are to remain unchanged.

The Treasury statement next deals with the relaxation, which will allow dividends to be increased in line with profits, so long as cover for the payment by earnings is not reduced below its highest since the present curbs started nearly six years ago.

On this, it is stated that "a company which does not wish to increase its dividend cover beyond the highest level achieved since the current controls began on December 1, 1972 will be able to seek a Treasury consent to maintain that cover in respect of a completed financial year ending after July 31, 1978."

The statement then says that the Treasury will regard cover as the number of times that the net dividend is covered by the earnings of the year available for distribution as ordinary dividend, as expressed in the published accounts. However, further information, for example, on extraordinary items and deferred taxation, may be called for and may affect the decision.

Previous undistributed profits and transfers from reserves will not be taken into account. Where there have been changes in accounting policies, the cover for each of the relevant years will be computed on a consistent basis.

The Treasury further explains that since the new rule on cover is intended to apply to a company's completed financial year, companies will not be able to take advantage of it until the declaration of their final dividend.

However, as hitherto, under the provisions of the existing Dividends Order (SI 659/1973 as amended), companies will remain entitled to declare interim dividends of their choice in respect of a current financial year, provided that these do not exceed the total amount of dividend declared for the preceding financial year by more than 10 per cent.

Meeting may decide future of docks

BY PAUL TAYLOR

DISAGREEMENTS over the future of London's docks and the threatened Upper Docks will be brought into focus today at a meeting of the Docklands Joint Committee.

Particular attention is likely to be paid to a controversial suggestion made recently by Mr. Horace Cutler, Greater London Council leader, that the docks area might host the Olympic Games.

The Docklands Forum, composed of local community groups, employers and trade unionists, which has seats on the Docklands Joint Committee is expected to reiterate its objections to the plan and criticise both Mr. Cutler and Sir Hugh Wilson, committee chairman, for supporting the scheme.

The Forum argues that an Olympic village in docklands would result in dock closures, would deter investment and hide "the pressing needs of the area."

The Greater London Council, however, has already set up a committee to study the scheme.

Further lively debate is expected over the Port of London Authority's "preferred plan" to close the Royal Docks.

A delegation from the forum saw Mr William Rodgers, Transport Secretary, last night.

It was expected to tell him that the local community continue to oppose any closures, that the closure of the Royal Docks would have a drastic effect on dockland infrastructure and that whatever the future of the Upper Docks, the control of the Port of London should in future involve local councils and community representatives.

At the joint committee meeting a statement by Sir Hugh on the position could develop into a stormy debate. Sir John Cuckney, Port of London Authority chairman, is a co-opted member of the committee and is expected to attend the meeting.

Airport plan awaits Government verdict

A £2m PROJECT to treble Birmingham airport's capacity to accommodate business and other light aircraft cannot be implemented until the Government decides whether to go ahead with a new £39m terminal.

West Midlands County Council is firmly against the Government's proposal for extending the present terminal and yesterday met local MPs to exert fresh pressure.

The local authority wants a terminal sited adjacent to the airport, where it can be linked with the National Exhibition Centre. The Government, which will have to find 60 per cent of the money, says it will be cheaper to extend the existing terminal.

The NEC is drawing a lot of business to the airport—passenger throughput is up 20 per cent on a year ago—and companies like Guest, Keen and Nettlefolds, Tube Investments and others want to base aircraft at the airport. Until a decision is made about a terminal however, it is impossible to say where they should be accommodated.

There are 35 light aircraft based on the airport and a waiting list of as many more. Airport authorities are suggesting new type individual "beehive" structures in an outward facing circle; these would be cheaper than a hanger, which would cost at least £1.5m. Rents might have to be so high as to deter aircraft owners.

Envoy's papers sold for £33,000

SALEROOM

BY PAMELA JUDGE

THE PAPERS of Francisco Melo e Torres, Portuguese Ambassador to England from 1657-1665, which include the marriage certificate of Charles II to Catherine of Braganza written in the hand of the Earl of Manchester, were sold for £33,000 to an unamed buyer at Sotheby's yesterday.

The archive spans Melo's career between 1640 and 1663 and comprises letter books and volumes of correspondence. The ambassador was the first to suggest the royal match and carried through the negotiations.

Another major, though more modern archive, that of the fourth Earl of Carnarvon, was sold to Quaritch for £32,000. The letters, papers and diaries of the Victorian statesman (1831-1890) include material relating to such matters as Reform Bills and Ireland. Quaritch also gave £3,800 for the diaries of Sir Hamilton Seymour, the diplomat (1797-1880).

A telephone bid from Canada secured an early document relating to Montreal at £3,500 and a letter from David Livingstone to Sir Roderick Murchison made £3,000. The first day of a two-day sale of letters, literary manuscripts and historical documents totalled £163,633.

Another Sotheby's sale was of antiquities owned by Mrs. Stella Pitt-Rivers from the Pitt-Rivers Museum and other owners. This amounted to £40,691 with the highest price—£720—being paid for a Roman marble head circa 1st-2nd Century by the Louisiana Gallery, Houston. In a £42,058 auction of miniatures an unnamed buyer was successful at £3,200 for a work by John Smart signed and dated 1787.

A series of five Brussels tapestries went to Franses for £13,000 at the first day of a two-day sale by Christie's, South Kensington, of the remaining contents of Eastwell Park, Ashford, Kent. The same dealer gave £4,000 for a pair of Flemish composite tapestry panels. A carved, bleached oak plaque of the Virgin and Child with St. Anne (south west Germany, 16th Century) made £6,000 and a German carved wood figure of St. Martin on horseback fetched £4,500. The total for the day was £181,042.

In London the same house sold silver to a value of £23,100 and icons amounting to £77,805. Oriental ceramics and works of art realised £48,803.

The sale of wines at the World Wine Fare at Bristol conducted by Christie's amounted to £18,046. The highest price was £600 for a dozen bottles of Chateau Lafite 1961.

Re-exported Scotch causes problems

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTCH whisky industry is facing a growing problem from Scotch re-exported from EEC countries to important markets in the rest of the world, Mr. Adam Bergius, chairman of the Scotch Whisky Association's information committee, said *yesterday.*

Although Western Europe was becoming a more important market for Scotch, with exports to the EEC 9 per cent up in the first five months of this year compared to the same period last year, much of the whisky imported was being sent elsewhere.

France, for example, imported 117,327 hectolitres of whisky in 1977, but re-exported 10,522 or 9 per cent. of it.

This was a trade which was enabling European middlemen *to cream off some of the profit* which rightly belonged to British industry, said Mr. Bergius.

France was only one example and the same thing was happening in other EEC countries.

"This is a result of a ruling by the European Commission in Brusels, making it illegal for Scotch whisky companies to maintain a duel price structure under which British customers *were charged a gross export* price if they intended to export the whisky to the Continental EEC, as distinct from a net home trade price for sales in the UK market."

During the first six months of *this* year exports of Scotch had risen to nearly 50m proof gallons, an increase of almost 16 per cent *over* the *first* six months of 1977. The value of exports was £293m.

Much of the increase was due to advance shipments to the U.S. ahead of an increase in the export price. American distributors now had large stocks and the industry could not expect to maintain the same level of *orders during the rest of the* year.

Bridge and tunnel toll changes urged

BY RHYS DAVID

CHANGES IN the system of financing toll bridges and tunnels *will be urged on the Government* at a meeting soon between Mr. William Rodgers, Secretary for Transport, and a consortium of local authorities. It was due today but cancelled because of Mr. Rodgers' pressure of Parliamentary business.

The members of the consortium, Merseyside and Tyne and Wear County Councils; the Dartford Tunnel Joint Commitee; and the Humber Bridge Board, have run into financial difficulties with their respective crossings.

In the case to be put to Mr. Rodgers they will complain of unfairness in Government policy in imposing toll charges only on certain estuarial crossings.

Mr. Rodgers has said that he wants to meet members of the consortium personally. A date during the recess is being fixed.

The delegation today will meet *MPs in the areas affected in a* bid to win their support.

The consortium says that *economic conditions* have changed since legislation was passed authorising financing and building of bridges and tunnels in their areas. Repaying the cost of the crossings has been *made more difficult by inflation,* high interest rates and in some cases lower-than-anticipated traffic flows.

The Government is being urged to review its "user must pay," policy and consider interest relief on the initial Government loans to consortium members for building.

The consortium claims in its evidence to Mr. Rodgers that the concept of tolled estuarial cross*ings is alien to methods used to* finance 99 per cent of public roads in the UK, and is opportunist in that it is applied where there is a "captive" travelling public.

Government assistance has been largely confined to loans requiring repayment at full market rates. The relatively small grants made do not compare with grants for toll-free crossings.

Operational savings and toll increases, it says, have failed to solve the financial problems of *consortium members,* which stem from repayment of expensive construction costs rather than operational losses.

Cutlery dispute 'lowering morale'

By Our Sheffield Correspondent

MR. LESLIE GLATMAN, managing director of Viners of Sheffield, Britain's largest cutlery company, called yesterday for an end to the squabbling in parts of the industry over imports.

Recent publicity attacking the Sheffield-based Cutlery and Silverware Association, its members, and his own company, had resulted in a lowering of morale within the industry and a loss of confidence in the future, he said.

The newly formed Federation of British Cutlery Manufacturers has been campaigning for import quotas and has criticised UK companies who buy part-finished or finished cutlery in bulk from low-cost Far East producers.

Market

Mr. Glatman said that his own company contributed 60 per cent in value of the goods they sold in Sheffield. Half of the group's £11m turnover went to export markets. All imported goods were produced to Viner specifications and design and clearly marked with the country of origin. While the industry had been "*tearing itself* to *pieces*" American products, not all entirely made in the U.S., had *built up their share of the* UK tableware market by an estimated £2.5m in the past two years.

"The debate on protectionism will no doubt continue, but *Viners feels that the more* responsible element of the industry should now call a halt to the divisive tactics of a few which appear to be benefiting no one and which are causing irreparable damage to this fine industry."

Motorcyclists will have to pay more

BY ERIC SHORT

ABOUT 250,000 motor-cyclists insured with Norwich Union, one of the leading motor-cycle insurers, face a 16½ per cent rise in their premiums from September 1.

The company has held its motor-cycle premium rates unchanged for 12 months, the first such standstill for a few years. Previously, it revised its rates on average every eight months to put its motor-cycle account in balance and cope with the rise in claim costs.

It now appears that the company has its account under control after a period of continual losses.

The company is lifting its car insurance rates from September. Some 400,000 motorists will pay 11 per cent more.

The company previously revised its private car rates last September, when there was a 12 per cent *increase. Norwich Union* was one of the few insurers to make a profit on its motor *account last year, a period when* overall losses by insurance companies were the worst since 1971.

The British Insurance Association confirmed yesterday that motor insurance increases were averaging about 10 per cent compared with the previous year. Indications are that the average increase in premium for 1978 is not likely to be much different.

October hearing for Tarling case

BY MARGARET REID

THERE WILL be no further developments *in the fight by* Mr. Richard Tarling, former chairman of the Singapore company Haw Par Brothers International, to avoid extradition to Singapore before October. Mr. Tarling faces charges under company law.

Mr. Tarling's application for a fresh order of habeas corpus to prevent his extradition was due to have been heard in the High Court last Thursday, July 20. But the hearing has been put off *because the time needed for it* could not be found before the current law term ends this week. The case is now expected to be heard at the beginning of the new law term in October.

Mr. Tarling, a former business *colleague of Mr. Jim Slater, the* financier, was due to be extradited in late June. But on June 23, he was given leave to apply for a fresh order of habeas corpus to prevent his extradition. At the hearing on *June 23,* Mr. Louis Blom-Cooper QC, argued that the House of Lords' ruling *on April 19 that Mr. Tarling* should not be extradited to face charges of dishonesty made it possible for him to claim that his extradition on the remaining charges—which did not involve allegations of dishonesty—would be unjust and oppressive in view of the passage of time.

Order bans repricing of food

By Our Consumer Affairs Correspondent

RETAILERS WILL be prevented *from repricing* food, drinks and other products once they have been on sale at a lower price as a result of an order laid yesterday. The new order replaces a similar provision in the Price Code which expires at the end of *this month but,* while its purpose is the same, its scope is different.

The old prohibition on repricing covered all goods with a stock-turn of more than ten *times a year.* The *order* laid yesterday covers only food and drink and does not make allowance for stock turn.

Thus, products such as wine, which may stay on the shelf for several months before being sold, will be brought within the scope of the control. But, other items, such as detergents, which were covered by the *old* provisions, will not now be controlled unless a separate order is made because they are neither food nor drink.

As before, special provision is made for products on promotion. *This will allow goods to return* to their normal price once a promotion has been completed.

Water charges system protest

THE Anglian Water Authority is being reported to the Price Commission by Ipswich Council over its plans for direct billing.

The council earlier voted to condemn the scheme and called for a reconstitution of the authority.

Councillors say that consumers will lose money by not being able to keep cash in the bank as a result of plans to bill ratepayers six *months* in advance, with the threat of cut-off.

The *authority* says direct billing will not result in any extra cost.

Terry Kirk

Mr. Leslie Porter, Tesco's chairman, at the Pitsea superstore.

Tesco opens largest superstore today

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

TESCO TODAY opens its largest store yet at Pitsea, Essex, and so brings the superstore, which until now has been largely *northern phenomenon,* closer to London.

Covering 83,000 sq ft, the store could comfortably accommodate 20 of Tesco's smaller branches. It will employ 600 people and has cost £4m to develop.

To make money it will have to draw customers from a wide area. About 900 free car parking *spaces are provided and it is* hoped that people will come from Chelmsford to the north, Southend to the east and Tilbury to the south.

Tesco is also hoping that people will be prepared to drive from London to the store, which is the first superstore to be built near to the city.

Until recently, only the planning authorities in the North have looked favourably on such large *retail* developments.

Some local authorities in the South are still taking a very *hard line with such applications* but in the last few years retailers have had a little more success in getting their proposals accepted in the Essex area.

Although the new store is far larger than any other in the area, a number of the established groups, like Asda, have plans to open very large stores within Tesco's catchment area.

Also the joint company formed by British Home Stores and J. Sainsbury to develop hypermarkets is building one at Basildon.

Tesco will face stiff local competition. The new store is on *the edge of Pitsea, across the* road from the Pitsea shopping centre where both Sainsbury and the Co-op have supermarkets.

Within 20 minutes' driving time, *normally* considered the catchment area for a store of this size, there is also the Inford Astromarket which has upset many local traders by its pricing policies.

Tesco says it is confident there is room in Pitsea for it to do well. The store, it says, is a model of what a superstore *should be and the management* hopes that it will convince other planning authorities that such stores are an asset to the community.

The store, which is the 11th of *more than 40,000 sq ft that Tesco* has opened and it is 9,000 sq ft bigger than Tesco's hypermarket at Irlam, near Manchester, also has some novel features.

The company has let four *departments on a franchise* system to other retailers. W. H. Smith will be selling stationery and newspapers, Lilley and Skinner shoes, Steinberg and Sons ladies fashions and Dixons hi-fi and photographic equipment.

Tesco will sell a limited range of the merchandise stocked by these specialists retailers but by letting some of the space, it hopes to be able to provide a better *selection than is normally* available in superstores which are geared to selling mass *merchandise at cut prices.*

Challenge on pay rise limit

BY OUR INDUSTRIAL EDITOR

LEADERS of the Confederation of British Industry are to decide to-morrow how hard to press the Government to change its enforcement of pay rise limits through public sector contracts.

The move follows publication last Friday of the Government's *counter-inflation White Paper* which set a 5 per cent pay limit for the coming year.

The paper also said that the present system of enforcing the limit through sanctions and clauses in Government contracts would continue.

The problems this could cause companies in the coming months were considered yesterday by the confederation's special committee of Government contracting *officials.*

The officials are to meet again to-morrow morning just before *the issue is considered* by the confederation's presidents' committee of top industrialists. In the afternoon there is to be an emergency conference of about 100 big companies which do business with the Government.

Later in the week, maybe on Friday, a team from the confederation led by Sir John Methven, president, will meet Mr. Roy Hattersley, Prices Secretary.

It will tell him that the clauses *in Government contracts should* be relaxed and that Mr. Albert Booth, Employment Secretary, *should not be the sole arbiter*

Industry Act loans assistance

THE MAXIMUM rate of interest relief grant and interest rates for Government loans under Section 7 of the Industry Act 1972 were increased from yesterday.

The rate of interest relief grant available in cases where it would be appropriate to allow the equivalent of an interest free period on a *Department of Industry* loan—but where companies obtain their finance from *other sources*—was increased from 12½ per cent to 13 per cent for each interest-free year.

The concessionary rate of interest on loans for employment-creating projects was increased from 9½ per cent to 10 per cent. The "broadly commercial" rate of interest on loans for modernisation projects not providing additional employment was increased from 12½ to 13 per cent.

Permalite range to be marketed by Pyrene

Pyrene Chemical Services, a major member of the Brent Chemicals International group, and a leading supplier of metal pretreatments, has further strengthened its position by acquiring a licence to market the Permalite range of electroplating chemicals in the U.K.

Permalite processes include nickel, chrome, zinc, cadmium and acid copper plating, aluminium brighteners and etchants for anodising, and an advanced process for plating aluminium. With Pyrene's existing range of phosphating chemicals, metal cleaning and corrosion removal products, the company can now offer a very comprehensive service.

Flights return to normal after weekend delays

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HOLIDAY FLIGHTS to and from the Continent were rapidly returning to normal yesterday following delays at the weekend resulting from the resumption of the work-to-rule by some French air-traffic controllers.

The situation at most UK airports proved less unpleasant for many travellers than had been feared. This was partly because the airports and the airlines were warned in advance, partly *because* the *French controllers* at the Bordeaux centre allowed more flights per hour — 16 against only four per hour the previous weekend — and partly because some flights were re-routed out over the Atlantic to avoid the affected area.

Traffic flowing to and from Spain, North Africa and parts of *the Western Mediterranean* was most affected, because this passes largely through the Bordeaux *"flight information region."*

It was stressed strongly yesterday that the problem was being *caused solely by the French air* controllers in Bordeaux, and that there was no problem with Spanish *air* traffic control, which was functioning normally. The Spanish controllers, like their British counterparts, can handle only the traffic allowed to pass through the Bordeaux airspace by the French controllers.

There are fears there may be further delays this weekend, as the French controllers have said they intend to resume their go-*slow, which is in pursuit of a pay* claim. They may be joined by controllers in the Paris flight region, which would make the problem worse.

Over the past two weekends the Paris controllers have remained aloof from the action taken by their Bordeaux colleagues, although they have declined to handle any re-routed traffic. *This has meant that* flights to and from Paris, or passing across Northern France to Central and Eastern Europe and the Eastern Mediterranean have remained unaffected by the delays.

The situation could change however, this weekend, if at a *meeting today the Paris* controllers decide at last to join their Bordeaux colleagues and go-slow *next* Friday.

Retired doctors 'should not work as locums'

BY MAURICE SAMUELSON

DOCTORS WHO practice as locums after reaching retirement age have been sharply criticised by an organisation which advises big companies and professional bodies on the prob*lems of retirement.*

The Pre Retirement Association says in a document pub*lished today that even a doctor* who has been treating the sick for 40 years ought to welcome the opportunity to do something quite different "rather than to go rather pathetically on with being a clinic locum."

The report by Dr. Beric Wright, 60, the association's president, is published in the association's magazine Choice.

Dr. Wright is also the director of the British United Provident Association's medical centre in London.

Dr. John Marks, deputy *chairman of the British Medical* Association's representative body, said yesterday that many hospital doctors could not afford to retire completely at 65 because of their low pension rights.

Many elderly doctors had an important role as medical officers and in other ways.

Older doctors can only be barred from practising outside hospitals on disciplinary grounds although National Health Service practitioners also need annual fitness reports when they reach 70.

Under the latest Medical Act however, a new health committee is to be formed with powers to prevent sick doctors from practising. It is expected to be in force in about 18 months.

The Retirement Briefing File price £2.50; Bedford Chambers Covent Garden, London WC2E 8HA.

'Ryder letter' trial delay after protest

THE TRIAL of a former British Leyland executive and his wife at the Old Bailey was adjourned yesterday.

The delay is to allow the prosecution to decide the proper course to take following defence insistence that witnesses should be recalled and certain documents produced.

In spite of 30 minutes of argument before the jury, Mr. William Howard, QC, persisted in his demand that Lord Ryder, former chairman of the National Enterprise Board and Mr. Alex Park, former chief executive of British Leyland, be recalled to give further evidence.

He also held to his request for documents, said to be in the possession of British Leyland, to be produced.

Mr. Howard has told the court he wants to try to prove that reports compiled by his client Mr. Graham Barton, a former British Leyland financial executive, which alleged that the car *firm operated* a "slush fund" for bribes, were true.

Barton and his wife Fatima, *both of* Hounslow, Middlesex, deny between them five charges relating to the alleged forging of copies of two letters to British Leyland—one purporting to be from Lord Ryder, and the other from the Bank of England—and dishonestly obtaining £15,000 from the Daily Mail with them.

When the trial resumed yesterday Mr. *Howard* asked whether the documents he had requested were available.

When Mr. Henry Pownall, prosecuting, replied that they were not, the argument developed between counsel and Judge Alan King-Hamilton QC.

Mr. Pownall said the Crown did not dispute that at the time Mr. Barton issued the letters he honestly believed that his reports were accurate.

"In my submission, that concession having been made by the Crown, the documents called for now no longer are material," he said.

Mr. Howard said: "My case is not only that my client's reports are accurate and true, but that he honestly believed the facts related in the Ryder letter were true."

The judge said the simple issues in the case were whether Mr. Barton and his wife committed *forgery and whether they* knew the documents were forgeries when they used them to obtain £15,000 from the Daily Mail.

Whether or not Mr. Barton *believed that corruption of some* sort had taken place in British Leyland was a subsidiary issue.

Mr. *Howard said*: "With great respect I persist. I want the documents and I want these witnesses recalled."

The judge said he would not prevent Mr. Howard having the *witnesses back, but he thought in* view of the concession offered by the Crown that it was unnecessary to hold up the trial with a lot of documents.

The trial was adjourned until today.

LABOUR NEWS

Move to repossess no plain sailing

BY RAY PERMAN, SCOTTISH CORRESPONDENT

FOUR aircraft engines which have stood corroding in wooden crates outside the Rolls-Royce factory at East Kilbride, *Lanarkshire,* for the last four years could prove an expensive political embarrassment to the Government in the run-up to an election.

The Avon jets, which once powered Hawker Hunter fighters, are owned by the Chilean Air Force. They were sent to Britain for repair and overhaul by the elected Marxist Government of President Salvador Allende, but were blacked by the British union movement after the Right-wing coup led by General Augusto Pinochet in September, 1973.

NEWS ANALYSIS

CHILE'S JET ENGINES

The engines became a *cause celebre* among the Left in Britain, which saw in Chile in the 1970s a re-run of Spain in the *1930s. Nowhere* was the emotional significance of the contract more strongly felt than in Scotland, where, ironically, the engines were manufactured and which has maintained especially close ties with opponents of the Chilean military regime and has played a big part in rehousing refugees.

Once the engines' initial notoriety had faded, some work on them was carried out. In 1975, the executive council of the Amalgamated Union of Engineering Workers issued a direct instruction to shop stewards at the East Kilbride factory to complete the overhaul. But, when the work was finished, the engines were merely crated and placed in the yard. They have remained there untouched since.

Now, Chilean representatives in London have made moves to repossess them. At the end of last year, an Edinburgh firm of solicitors, acting for the Chilean Air Force, obtained a delivery order from the Sheriff court at Hamilton, which covers the East Kilbride area.

This gave the air force the right to have the engines passed over to it and, theoretically, it can ask for court officers to seize its property. Coupled with last week's grant of an export licence by the Government, this means that the legal framework for removing the engines from Britain is complete.

However, the obstacle, remains the resistance of the unions. In *their eyes,* the Chilean regime has done nothing to purge its sins against democracy and they see no reason to help it regain engines which could be used for internal military use.

Although local shop stewards and national union officials are reluctant to spell it out, the appearance of court officials at the factory gates could lead to ugly scenes, which all sides seem anxious to avoid.

The Chilean charge d'affaires, Dr. Jorge Berguno, indicated yesterday that his Government did not want to use this direct approach if possible and was attempting to negotiate release of the engines with the Rolls-Royce management.

The company, he said, had not been paid for the work done on *the engines,* but had not fulfilled its contract, since they had not been tested. He denied reports that a clandestine attempt would be made to snatch the engines while most of the factory's 2,800 employees are on their annual summer holiday and said that negotiations might take some weeks.

Rolls-Royce confirmed yesterday that it had been talking to the Chilean Government through legal representatives and, at the Chileans' request, had modified the contract so that the engines need to be delivered only ex-works, rather than at the dockside.

This means that responsibility for removing the engines from East Kilbride will rest either with the Chilean Government or, *if they choose to request assistance* from the court, with sheriff's officers.

In either case, union labour is almost certain to be involved at some point along the journey.

GENERAL PIROCHET
Legal framwork complete.

Shop stewards, doing maintenance work at the factory, said yesterday that they would abide by a joint decision between unions not to move the engines, and they would expect the management to abide by its agreement not to allow non-union workers into the factory.

Mr. Alex Kitson, executive officer of the Transport and General Workers' Union, which has members in road haulage and in the docks, said that his union would not disregard repeated TUC decisions to maintain the blacking of the engines.

All this points to an impasse that will not quickly be resolved. There is also a serious question over whether the engines will still be usuable by the Chilean air force, even if they are returned.

Two years ago Rolls-Royce management asked workers to carry out a routine humidity check and to undertake any re-furbishment necessary—but the request was denied.

Two years' extra corrosion has been added since then and stewards estimate that 10 weeks' work would be essential to get the engines into running condition.

Navy may be ordered to free submarines

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday made it clear to leaders of 183,000 industrial civil servants that it was considering using the Navy *to free three* Polaris nuclear submarines from their Scottish bases.

The subrarines have not been allowed to leave their bases because of industrial action by dockyard workers against the Government's Phase Three pay offer.

Union leaders, though, said that any attempts by the Navy to free the submarines would be resisted and could lead to a serious increase in the industrial action.

National officers of the main unions involved in the dispute, the Transport and General Workers' Union, the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades' Union, yesterday met Mr. Fred Mulley, Secretary of State for Defence, and senior defence and naval officials.

Mr. Mick Martin, TGWU public services' national secretary, said after the meeting that it had been indicated that the Royal Navy might be used to do the work of dockyard staff at Fasslane on the Clyde and Rosyth on the East Coast.

He said: "We will oppose any attempts by the Royal Navy to take the Polaris submarines out to sea. If, as has been indicated, the Navy does strike break in this manner there may be serious escalation of the present dispute."

The submarines Revenge at Fasslane and Repulse and Renown at Rosyth have been blacked by dockyard workers in support of a Stage Three pay claim. The Government has made two 10 per cent offers to the industrial civil servants, and both have been rejected. The fourth member of Britain's nuclear fleet, Resolution, is at sea, but is due for refit.

The Government could use the Navy to clear the submarines from their bases, but would be certain to run into strong opposition from dockyard workers when Resolution came in for a refit.

Mr. Martin said if the Government wanted to see an end to the blacking and to other industrial action it must make an improved pay offer.

The Government has offered 10 per cent on pay, giving an overall net increase of £1.10. This would give a new basic rate of £36.60, which with incomes policy supplements would total £45.60.

The unions want similar assurances on pay to those made to the police, firemen, university teachers and armed forces plus the introduction of four weeks' holiday a year.

Post Office engineers' ban likely to last

By Pauline Clark, Labour Staff

THE WHITE PAPER on pay policy for the next 12 months seems to have dashed all hopes of an early end to the national overtime ban by Post Office engineers in support of a 35-hour week.

As talks between union leaders and management resumed for the eighth time yesterday, with Lord McCarthy continuing to act as mediator, the Post Office Engineering Union said that it would press for more time to consider its case.

Last week the Government said that any negotiations on a reduced working week in the coming year from July must be kept within the boundaries of a total 5 per cent pay increase limit, or financed by a productivity scheme to prevent a further rise in unit costs.

Close study

The union said yesterday that without a relaxation in the Government's attitude, which might have helped both sides to find a formula for settling the dispute, alternative areas must be explored.

In the coming week it would study closely the details of a White Paper expected today on the Government's response to the Annan Report on the future of broadcasting, and of last week's White Paper on the Post Office.

implications of yesterday's

The union would look at the announcement of a £360m Post Office surplus.

It hopes that the White Paper on broadcasting will include plans to extend cable television, which it says would call heavily on the expertise in cable-laying of Post Office engineers.

On the pay policy White Paper Mr. Bryan Stanley, the union general secretary, said that unless a shorter working week was conceded by the Post Office "the new targets will end up as pious hopes."

The White Paper's targets aimed at an annual reduction of 5 per cent in real unit costs. Plans for more electronic exchanges could be achieved only with the "full co-operation of the union."

Some benefits of improved technology must be returned to the Post Office engineers in improved conditions, and especially acceptance of a shorter working week.

Singer alternative plan

BY OUR LABOUR CORRESPONDENT

SHOP STEWARDS at Singers Clydebank sewing machine plant will announce today details of an *alternative* plan to the company's proposals to cut 2,800 jobs over the next four years.

The new plan has been drawn up by three firms of industrial consultants led by P.A. Management Consultants, and is aimed at retaining some industrial sewing machine capacity at Clydebank. Part of the survey's cost is likely to be met by the Scottish Economic Planning Department.

Singers said last month they wanted to end industrial sewing machine production at the Clydebank factory, which employs 4,500, and introduce a new semi-electronic domestic machine backed by an £8m. investment programme.

Fire settlement urged

BY OUR LABOUR EDITOR

THE TUC is increasing pressure on the Government to come to a quick settlement with the firemen on their promised cut in the working week to 42 hours.

The TUC's finance and general purposes committee decided yesterday *after an approach from* the Fire Brigades Union to write to Mr. Merlyn Rees, Home Secretary, registering its "serious concern" at the failure of local authorities to hold what it called realistic negotiations with the union.

A shorter working week from November was part of the *promise that ended the firemen's* strike last winter.

Move to stop 'blacking' fails

A HIGH COURT move to stop a "blacking" campaign which has cost a Nottinghamshire printing *company at least £900,000 in lost* turnover has failed.

Mr. Justice Slade yesterday refused to order two print union leaders to stop causing customers of Huthwaite Printing Company to break their contracts with the company.

He ruled that Mr. Joe Wade, general secretary of the National Graphical Association, and Mr. E. J. Martin, national organiser of the Society of Lithographic Artists, Designers, Engravers and Process Workers (SLADE), were acting within their rights in furtherance of a trade dispute.

After the judge's decision, Mr. Wade said: "The blacking will definitely continue. There are no immediate plans to step it up as it has already been highly effective."

The Huthwaite dispute is linked to a long-running battle between the unions and the T. Bailey Foremen group of companies over recognition of the NGA and SLADE.

The unions claim that Huthwaite is part of the group, but the company says that it is independent.

The judge said that he was not confident an injunction would have ended the blacking.

Both Mr. Wade and Mr. Martin sent out letters in March which led to the "blacking" of Huthwaite by NGA and SLADE members employed by Huthwaite's customers. These included the Teesside Times, Coalville Times, Morgan Grampian and Eason Publications.

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THE JOBS COLUMN

BL LV MD PDQ · Sales in Japan · Diggers

BY MICHAEL DIXON

ꝚEADERS MAY have gained a ertain impression that someone had placed a one-way traffic ign prominently outside the op executive offices of British .eyland which, of course, has ately changed its name to BL.

Today, however, I can firmly efute the above rumour by nnouncing that Pat Lowry, ersonnel director of BL, is een to hear from appropriately ualified Jobs Column readers ·ho think themselves capable f becoming managing director f Leyland Vehicles.

Formerly known as the roup's truck and bus division, L LV—as the in-speak has it— as a world-wide turnover of 500m to £650m. And there are ome 30,000 employees at eight ıajor and about the same number of lesser sites in the UK, lus more in overseas operations ıch as the plant in India.

Leyland Vehicles itself has ur divisions — respectively, eavy, medium-light, bus, and arts—each of which has its wn general manager.

Whoever comes in to replace esmond Pitcher, who is leavıg the MD's job in a few days' me, will be responsible to ichael Edwardes, the group ief executive, who has lately xtended the responsibilities of ie head of the vehicles comany so as to include all its arketing and sales throughout ıe world.

The large task, Mr. Lowry says, is to provide "inspirational guidance" to the whole of what is beyond doubt one of Europe's biggest truck and bus businesses. "We need someone with the charisma to push through the group's plans as a matter of urgency," he adds.

For candidates, the prime qualification is a record of success in running a substantial business operation which testifies to finely developed skills of general management. "The ability to guide, motivate, lead and monitor," says Pat Lowry.

It matters not what specialism preceded an applicant's elevation into general management. Nor is experience of the automotive industry absolutely necessary, although naturally a first-hand knowledge of a similar kind of business would be a help. Someone who has had managerial responsibilities for automobile production and marketing in the past before moving to run—say—an electronics business, could well fill the bill.

"Youth is no barrier," Mr. Lowry thinks, "and as for an upper age limit, well, it would have to be somebody able to put the next dozen years or so into the development of our plans. So I don't think that this is a job which would go to someone beyond the early 50s."

The salary is not specified. But my estimate would be £40,000 to £45,000. I dare say, too, that the perks might well include a company car.

Applications giving outline of career should be written to Mr. Lowry at BL, 41, Piccadilly, London W1.

Over to Tokyo

"WHAT THIS?" demanded judo master Akinori Hosaka, pointing at the locked door of his brand new Dojo in Manchester.

The dozen pupils who had been awaiting the master's arrival for the evening session clustered and peered apprehensively at the end of his pointing finger. On the freshly painted notice affixed to the door, beneath the inscription "Instructor: A. Hosaka (5th Dan)," someone either drunk or tired of life had pencilled the words: "Ah so!"

"What this mean?" repeated Mr. Hosaka, plainly growing impatient for an explanation. One of the pupils cleared his throat. Well, he said, it was nothing personal, really, just a silly example of silly English chauvinism. "You see, all English people pretend that all Germans say 'Mein Gott!,' and that all Italians say 'Mama mia,' and in the same way they pretend all Japanese say 'Ah so.' It's just a silly joke, you know."

Mr. Hosaka remained inscrutable for several more moments while he mentally tested the explanation for acceptability. Then, "Ah so!", he said, and unlocked the Dojo door.

I tell you this to indicate that the "familiarity with Japanese ways of life and thought" currently wanted by headhunter David Burns, may not be so straightforward as it seems.

Indeed Mr. Burns, of Merton Associates, doubts that anyone who has not lived and worked in Japan for several years will be sufficiently acceptable there to do the Tokyo-based business development manager's job which Merton is seeking to fill on behalf of a British client.

The client may not be named (Mr. Burns guarantees to honour any applicant's request not to be identified to the company until specific permission is given). He says, however, that the group is making the appointment in expectation of growing opportunity in the Japanese home market for the British concern's diversity of products including consumer electronics, domestic appliances, and engineering equipment.

The main task will be to expand the company's business there from its present nucleus, through the development of joint ventures, distributors, and local manufacture.

Age is not specified, but the salary is quoted at around £30,000 a year.

People with records demonstrating knowledge of and ability to organise best ways of selling in the Japanese market should convey outline details of themselves to David Burns at Merton Associates (Consultants), 70 Grafton Way, London W1P 5LN—telephone 01-388 2051.

Down to Rome

ARCHAEOLOGISTS are not conventional people. Walking with you across a field, for instance, they are liable suddenly to stoop down, hand you a bit of dried clay, say "There you are, Iron Age pottery," and then snatch it back for later dispatch to the appropriate museum.

So it is quite in character that, in asking this column to help to find 100 people to work in the City of London, the archaeological fraternity should be quoting a salary of precisely nothing.

The 100 workers need not all be the same people. Brian Hobley, of the Museum of London, says that, if necessary, a person could turn up for as little as a single morning or afternoon. Not less than that, though, "because it takes a good hour to get the mind concentrated and the muscles tuned for digging."

The reason for these openings is that, although the museum's department of urban archaeology is carrying on with its excavation at the Post Office site just north of St. Paul's Cathedral, the bulldozers have just turned up layers of Roman buildings with tessellated floors and other indications of fine living at the junction of Cannon Street and Bow Lane, about 100 yards from where I am sitting.

If this fresh opportunity to investigate the Roman, Anglo-Saxon and Mediaeval history of the area is to be taken, the work will have to proceed fast. An initial look is required between now and early September at which date, depending on the promise of what has been found, the decision will be taken whether or not to continue until Christmas, after which the modern development of the site must continue.

Volunteers must be aged at least 16. But no previous archaeological experience is needed, and if ever I have seen a case for all available hands to the spade, this is it. For joining instructions telephone Alison Balfour-Lynn at the Museum of London, 01-606 1933. If I get at least half-a-day's chance, I'll be with you.

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THE SANKO STEAMSHIP CO., LTD.
(CDRs)

The undersigned announces that the Sanko Steamship Co. Ltd. did not declare payable an interim dividend per record date 30.9.77. For this interim dividend we designated div.cp. no.9, which div.cp. will consequently be null and void.

Further the undersigned announces that as from July 28th, 1978 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, and Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, div.cp.no. 10 of the CDRs The Sanko Steamship Co. Ltd., repr. 50 shs. will be payable with Dfls. 1.39 net. resp. Lux.Frs.20.27. (record date 31.3.78 gross Yen 3.- per share, after deduction of 15% Japanese tax = Yen 22.50 = Dfls 0.24 = Lux. Frs. 3.50 per CDR).

Without an Affidavit 20% Japanese tax (Yen 30.- = Dfls.0.32 = Lux. Frs. 4.67) per CDR will be deducted. After 31.10.78 this dividend will only be paid under deduction of 20% Japanese tax with Dfls.1.31 = Lux. Frs. 19.10 net. in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam.
17th July, 1978.

OLD COURT DOLLAR COMMODITY TRUST
(CDRs)

The undersigned announces that the report for the period ended 20th April 1978 of Old Court Dollar Commodity Trust will be available in Amsterdam at

Pierson, Heldring & Pierson N.V.,
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope N.V.,
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam
July 13, 1978.

CONTRACTS AND TENDERS

APPOINTMENTS

Reorganisation in Bass Sales

A number of senior management changes have been made in BASS SALES, the "take home trade" company of the Bass Charrington Group.

Mr. Stephen Digby, sales manager for national accounts, becomes managing director and Mr. Hugh Enright, sales manager of Bass North East, has been made sales director. Mr. Stan Whittenbury, area manager for Bass Mitchells and Butlers, replaces Mr. Digby as sales manager for national accounts. Mr. Wilfred Mason is now commercial director at Bass Sales, Mr. R. Stewart Smith, multiple accounts manager, Mr. David Cash, key accounts manager, and Mr. George Martin, previously of Tennent Caledonian Breweries, the Bass management company in Scotland, is sales promotions manager.

Mr. A. J. Clark, who was managing director, has been appointed sales director of Bass Marketing in Burton-on-Trent. Mr. John Newcomb, director of marketing of Bass, is chairman of Bass Sales.

★

Mr. S. Erek Jenstad has been appointed director of marketing in the Magnetic Tape Division of AMPEX INTERNATIONAL. Mr. Ken Herring, marketing manager of that division is to retire. Within the international division Mr. Geoff Woffindin becomes international marketing manager, Mr. Gerhard Wick is made international marketing manager based in the U.S.; Mr. Elmar Sadeler moves to Frankfurt as manager of Ampex Europa and is replaced by Mr. Willie Scullion as manager of Ampex Great Britain in Reading, UK.

★

Dr. Derek Pringle has become chairman of NUCLEAR ENTERPRISES, a subsidiary of EMI. Mr. C. Coles, formerly director of finance and administration of EMI's industrial electronics operations, has succeeded Dr. Pringle as managing director of Nuclear Enterprises.

★

Mr. Barry Welch has joined PLESSEY ELECTRONIC SYSTEMS as director of personnel. He has held personnel positions with the Ford Motor Company.

★

Mr. Frank Roberts has been appointed sales director of CROMPTON BATTERIES.

★

Dr. Stanley M. Manton has been appointed sales and marketing director of SU-BUTEC, a member of BL Components. He joins SU-Butec from Girling.

★

Lord Luke has been elected chairman of the GATEWAY BUILDING SOCIETY in succession to the late Mr. Harold A. Bell. Mr. Gladstone E. Moore has become vice-chairman.

★

Mr. Peter Symons has been appointed finance director of the Board of JOHN BAKER (INSULATION).

★

Mr. Ian Hall has been appointed personnel director and Mr. Iain Hall, national training manager, of GARDNER MERCHANT FOOD SERVICES.

★

Mr. Richard G. Fordham has joined MASONEILAN LTD. as sales director. He was previously with GEC-Elliott Control Valves.

★

Mr. Charles Johnston has been appointed to the newly-created position of Scottish manager for the CO-OPERATIVE BANK. He was formerly with the Bank of Scotland.

★

Mr. Barrie Turner-Smith has been appointed managing director UK marketing and sales of the TIMEX CORPORATION following a re-organisation of the company's sales and marketing divisions. He was previously sales director of the company.

★

Mr. Ian R. Elliott has been appointed to the newly-created position of executive director, sales, in EPS (SITTINGBOURNE), a member of the Export Packing Service Group. He was formerly marketing executive with MAM Inn Play.

★

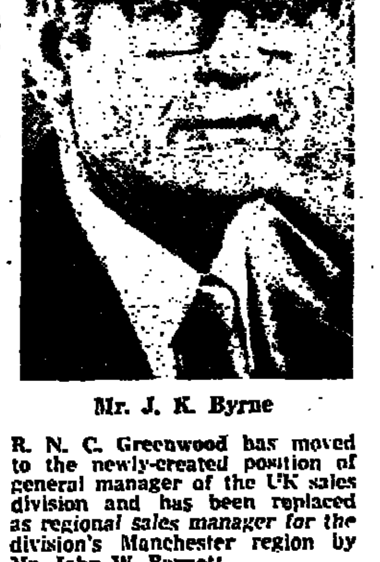
Andreas STIHL of Waiblingen, West Germany, has established a subsidiary in the UK called ANDREAS STIHL LIMITED with Mr. Peter Baker as managing director. STIHL had previously marketed its products in this country through a distributor.

★

Mr. Michael Noble has been appointed marketing director of KINGFISHER WOOD PRODUCTS. Prior to joining that company, Mr. Noble was with the Marley Organisation.

★

CINCINNATI MILACRON has made the following appointments on the transfer of its European marketing headquarters from Belgium to Birmingham, England. Mr. J. Kilgour Byrne is now director of European marketing tool operations in succession to Mr. Walter Zorich, who has returned to the parent company's marketing operation in U.S. Mr. Byrne remains managing director of the UK sales division. Mr.



Mr. J. K. Byrne

R. N. C. Greenwood has moved to the newly-created position of general manager of the UK sales division and has been replaced as regional sales manager for the division's Manchester region by Mr. John W. Barnett.

★

Mr. Barry McFadzean is to join the AUC Group in Sydney in October as an executive director of AUSTRALIAN UNITED CORPORATION. He has resigned as an executive director of S. G. Warburg and Co. of London, which is a shareholder in AUC Holdings. Mr. McFadzean will also join the Board of S. G. WARBURG AND CO. INTERNATIONAL HOLDINGS.

HOME CONTRACTS

£2.5m Unigate order for Sperry Univac

SPERRY UNIVAC has won a contract worth £2½m for the sale of computer equipment to Unigate. Delivery of a substantial part of the order will take place this year.

★

BLACKWOOD HODGE has received a repeat order, worth £1m, from Miller Mining, part of the James Miller and Partners Group, for four Terex 33-11C rear dump trucks.

★

H. ERBEN, Hadleigh, Ipswich, has received a contract worth more than £500,000 from Bell's Scotch Whisky, Perth. This is for the supply, erection and commissioning of a whisky attemperation system, as well as two bottling lines for their premises at Dunfermline, Fife.

★

MARSTON EXCELSIOR, Wolverhampton, an IMI company, has been awarded a contract worth £150,000 to supply Niobond impressed current cathodic protection anodes for the Ninian Northern platform. The order, from Chevron Petroleum (UK), is for an anode array similar to that used for the Southern platform. The system is of the multiple remote ground-bed type and is designed to operate at a maximum total current of 7,200 amperes for an expected life of 30 years.

★

WALTER LAWRENCE AND SON has been awarded a refurbishment contract at 1, King William Street, EC4, worth £124,000 by Cater Ryder and Co. Work has started on site and the contract period is four months.

★

HERBERT MORRIS has obtained an £80,000 order to supply a panel build-up line to the Robb Caledon shipyard in Dundee. This will be the third such plant for the production of ship panels, to be completed by Morris in two years.

PARLIAMENT AND POLITICS

Minister expects drop in jobless by autumn

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CLAIM that there will be a drop in unemployment by the autumn was made in the Commons last night by Mr. Harold Walker, Minister of State for Employment.

The pre-election atmosphere was very evident in the chamber, as he argued that in spite of the June figure of more than 1.5m out of work, the underlying trend between last September and the present time was downwards.

"My forecast is that certainly, in the short-term, by the autumn, the number of jobless will fall and will continue to fall," he declared.

The Minister denied a charge from Mr. Barney Hayhoe, a Tory spokesman on employment, that the Government was trying to cover up its "abysmally bad" record on unemployment by contriving to make a sharp drop in the figures for this September, the month before the general election is widely expected to take place.

According to Mr. Hayhoe, it was all part of a "window-dressing operation for the election that might well follow."

The exchanges came as the House began a debate, initiated by the Conservatives, on the subject of unemployment.

Mr. Hayhoe accused the Government of failing to live up to its 1974 election slogan: "Back to work with Labour." In March, 1974, when Labour came to power, there was 600,000 unemployed, while the latest figure was 1,585,811.

"That means that for every hour that this Government has been in power, an extra 25 people have been added on average to the number of unemployed—600 for every day."

For 36 months out of the 53 that the Government had been in office, unemployment had been over 1m. Of these, 330,000 had been without a job for more than a year and about 750,000, half the total, were under 30 years of age, the latest figures including 240,000 school-leavers.

The Government had maintained in October, 1974, that unemployment was beginning to fall. Since then, however, it had shown a steady rise—a trend which the Government was trying to blame on the world recession. Statistics showed that in 1977 and 1978, Britain was nearly the worst country in the OECD for unemployment.

He did not contend that cuts in public expenditure would not sometimes cause a loss of jobs. This had, in fact, happened as a result of the defence cuts. At the same time, it was true to say that proper control of public expenditure overall need not result in the job losses eagerly predicted by Labour.

He was critical of the indiscriminate use of job subsidies, but added: "Scare stories about job subsidies being axed by a Tory Government just are not true. Temporary help may be useful, but it must not drift into permanence and one must recognise that there is a cost attached to it."

Mr. Hayhoe denied as untrue stories put around by some Labour MPs and trade unionists that the Conservatives believed in unemployment.

But he saw truth in at least one columnist's allegation that the Government had used unemployment as a weapon of economic policy.

Turning to Tory alternatives, he said that enormous sums of money were involved in the chopping and changing between various subsidies. He was worried that phoney jobs were replacing real ones. There was something ludicrous about a Government which subsidised employment in uncompetitive industry by imposing taxes on productive industries.

He argued that a better tax climate was needed to provide incentives. More continuity of Government policy was needed to restore business confidence, and rising productivity was the prerequisite for more jobs.

If we did not provide the necessary wage differentials to encourage skills, there was little hope for us in competing against overseas industries.

He thought that small businesses and the service sector should be particularly encouraged, and saw an increasing role for private welfare services in our society.

A Tory Government would have to look again at the effects of Labour Government legislation, particularly the Employment Protection Act.

From the Government front bench, Mr. Walker rejected entirely the allegation that the Government had used unemployment as an instrument of economic policy. He also denied the charge that the Government was trying to contrive a drop in the unemployment figures for September.

He wanted to know whether Mr. Hayhoe was alleging that the civil servants were juggling figures at the behest of Ministers.

Attacking Conservative policies, he claimed they were merely putting forward crude assertions, the consequences of which would be "the fattening of the bank accounts of the well-to-do friends of the party opposite."

The Tories seemed to be advocating similar policies to the ones the yhad adopted in 1970 and later abandoned. Cuts in taxation at that time had ont led to the increased investment which the Tory Government had expected.

Currently, total abandonment of pay and prices policy for everyone but the public sector plus swingeing cuts in public expenditure seemed to be their policy.

He rejected the argument that the Employment Protection Act had acted as a deterrent o jobs, and hought the Opposition should make clear what they proposed to do about the Act.

The Minister criticised newspaper headlines last week which said the Treasury had informed the Expenditure Committee that the level of unemployment by next spring could be as high as 1.7m.

This, said Mr. Walker, had only been a working assumption and had since been revised downwards to the figure of 1.55m.

One reason for the present level of unemployment had been the increase in the labour force, which had gone up by 170,000 a year between June, 1972, and June, 1977. The Government would have had to create an additional 900,000 jobs in order to stand still. In fact, the total number of people actually in work had increased.

At the moment, the Government's special employment measures were supporting 300,000 jobs and by 1979, this would have risen to 400,000.

Tory peers renew challenge on Wales Bill powers

THE GOVERNMENT was defeated in the Lords yesterday when peers insisted by 32 votes that the Welsh Assembly could not carry out a review of local government except with the approval of Parliament. Voting was 109 to 77.

Peers were considering the changes the Commons had made to Lords amendments to the Wales Bill.

Conseravtive spokesman, Lord Elton, proposed that the assembly should not carry out a review unless an Order had been made by the Secretary of State for Wales and approved by both Houses of Parliament.

Lord Elton said the Conservatives were not insisting on their previous amendment—rejected by MPs by one vote—that the assembly should not carry out any review.

They recognised all was not well with local government in Wales. But they were opposed to a review by the assembly because they doubted the time was right for a review or a reorganisation. Timing could be left to Parliament and the Secretary of State.

For the Government Lord Elwyn-Jones, the Lord Chancellor said there was a feeling of unease as to whether the system of local government and its structure were the best.

The new Conservative proposal positively debarred the assembly from carrying out a review of its own accord.

Lord Heycock (Lab) said the Welsh counties were opposed to a review by the assembly because it was not yet an established body. It was better to wait until the assembly had the respect of people in Wales.

Earlier, peers had bowed to the will of the Commons by not insisting that the assembly should be elected by proportional representation.

Lord Elwyn-Jones thanked the Liberals for their acceptance of the "inevitable," but Lord Lloyd of Kilgerran (L) claimed that the Government and the Labour Party had done a grave disservice to the people of Wales by their attitude to PR.

"The Labour Party in Wales is more obsessed with power and patronage than any question of social, economic and electoral reform," Lord Lloyd declared.

The Government was later defeated by a majority of 13 (97-84) on a Tory proposal to prevent the Welsh Assembly controlling the Welsh Development Agency and the Development Board for Rural Wales.

Baroness Elles (C) said it would be unrealistic to expect the Welsh Assembly to take an objective view of the interests of the rest of the UK.

The two bodies could not be considered in isolation from the economic development of the UK, she said.

For the Government, Baroness Stedman said the amendment would deprive the assembly of powers of great importance to the people of Wales.

It would divorce them from an important aspect of the regeneration of life in Wales and create administrative complexities.

The Government suffered another defeat when peers insisted that Parliament should have a right of veto over the assembly taking over the functions of devolved bodies. Voting was 94-71, a majority of 23.

Lady Elles said the Government's way—which would allow the assembly to take over certain functions with the approval of only the Secretary of State, was a recipe for confrontation.

Callaghan will lead Phase 4 defence

By Philip Rawstorne

MR. JAMES CALLAGHAN is to lead the Government's defence in the Commons today of its Phase Four counter-inflation policy, which an opinion poll suggested yesterday has secured a bare majority of popular support in the country.

Mr. Denis Healey, Chancellor of the Exchequer, will wind up the debate, in which the Opposition's attack will be headed by Mrs. Margaret Thatcher and Sir Geoffrey Howe.

The opinion poll, conducted of ITN by Opinion Research Centre, showed that the 5 per cent pay policy had won less popular approval than last year's Phase Three guidelines.

Fifty-one per cent considered the limit generally about right, but 45 per cent thought it too low. These figures compare with a 54 per cent acceptance of the Phase Three policy, which was judged too restrictive by only 29 per cent.

Potential opposition to the new pay limit appeared greater when those interviewed were asked to relate it to their own circumstances. Fifty-four per cent thought it too low for themselves and their families, although 34 per cent still considered it about right.

...Of the 660 people interviewed in 22 different parliamentary constituencies, 70 per cent said they would prefer a cut in income tax to an increase in pay of the same amount.

Some 70 per cent also said that they thought most workers would not settle within the new guidelines.

Although 46 per cent believed the policy would make no difference to Labour's election chances and 12 per cent thought it would improve them, 42 per cent believed that Labour was less likely to win because of the new pay restrictions.

Employers' rebate rise studied

THE GOVERNMENT is considering the possibility of restoring the employers' rebate from the redundancy fund to 50 per cent. Mr. John Golding, Employment Under-Secretary, told the Commons last night.

In a written answer, Mr. Golding said the rebate was reduced from 50 per cent to 41 per cent in August last year. The previous month, the fund had a credit balance of £14.2m.

"At May 31, this year, the credit balance was £47.9m. The possibility of restoring the rebate to 50 per cent is under consideration."

Litterick seeks guidance on Royal Family

THE SPEAKER, Mr. George Thomas, yesterday rejected the idea of publishing a list of members of the Royal Family whom MPs could not criticise.

The call for a list came from Mr. Tom Litterick (Lab., Selly Oak), who, last week, was rebuked by the Speaker after stating that Mr. Angus Ogilvy, husband of Princess Alexandra, had been obliged to give up 26 directorships "in something of a hurry."

Yesterday, in the Commons, Mr. Litterick pleaded for guidance and asked what attitude MPs should take on Lord Snowdon, "who had been attached to the Royal Family, but was not now."

The Speaker told him that Mr. Ogilvy was a member of the Royal Family who had not taken a title.

He added that if courteous references were made by MPs there was no need to publish a list. Normal courtesies were what was expected in the Commons.

Peers approve Finance Bill

THE FINANCE BILL, which implements the Budget proposals, was given a third reading and passed in the Lords yesterday.

Peers also passed the Employment (Continental Shelf) Bill which extends UK safety laws to employees working on North Sea oil rigs outside British waters.

Soviet credit attacked

THE GOVERNMENT'S extension of credit arrangements to the Russians had enabled the Soviet Union to build more prisons and import implements of torture, Mr. Nicholas Ridley (C Cirencester and Tewkesbury) claimed in the Commons yesterday.

He told Mr. Edmund Dell, Trade Secretary, that British credit had allowed the Soviet Union to use its own resources to import prison equipment—racks, bars and torture chambers—to deal with dissidents.

"The interests of heroes like Shcharansky and Ginzburg would be better served if we were to discontinue this credit," he added.

Mr. Dell replied that if Britain did not provide the Soviet Union with credit on comparable terms to that offered by our major industrialised competitors, this country would get even less business from the Russians.

He could not forecast when the balance of £950m credit made available to the Soviet Union would be taken up.

Left wins assurance of bid for EEC action on textiles

BY IVOR OWEN, PARLIAMENTARY STAFF

WHILE REAFFIRMING the Government's opposition to generalised import controls in the Commons yesterday, Mr. Edmund Dell, Trade Secretary warned that without the creation of more jobs, through an expansion of world trade, there was likely to be "a further deterioration in a protectionist direction."

He resisted renewed demands from Left-wing Labour MPs for immediate action to restrict imports, particularly from Japan. But the MPs did secure assurances that the EEC Commission will be pressed to take a harder line in limiting Portuguese textile exports to Britain and in stopping the dumping of chipboard by Belgium.

Mr. Michael Meacher, Under-Secretary for Trade, indicated that Britain is likely to press the EEC Council of Foreign Ministers in Brussels to-day to prevent the undermining of agreements linked with the multi-fibre arrangements through "slippage" by Mediterranean suppliers, particularly Portugal.

Leading the calls for more import controls, Mr. Max Madden (Lab. Sowerby) said that Britain was seen as an easy and attractive market by many manufacturing nations around the world.

He contended that countries like Japan, which had the most favourable balance of trade with Britain, were hardly likely to cut their own throats by taking retaliatory action.

Mr. Dell pointed out that it had been possible to negotiate voluntary restraint arrangements with Japan, but he feared that more generalised restraint would provoke retaliation. He underlined the need for British industry to make itself more competitive.

Mr. Dell also told the House that he had informed other Ministers in the OECD that "unless we can relaunch world trade to a higher rate of expansion, I believe there will be a further deterioration in a protectionist direction."

Replying to Mr. Roger Sims (C Chislehurst), he agreed that consumers had a considerable interest in avoiding import controls. But if the present levels of unemployment in the developed world and elsewhere continued, he had no doubt that Governments would "increasingly put the interests of their producers first and introduce more import controls."

Mr. Hal Miller (C. Bromsgrove and Redditch) urged the Minister to consult with his EEC colleagues about the plans of the Japanese motor car industry to increase its production by four million cars during the next four years.

After recalling that arrangements had been made with the Japanese authorities to limit vehicle exports to Britain this year, Mr. Dell assured the House that there would be further discussions later this year in respect of 1979.

Dealing with protests from both sides of the House about the high level of textile imports from Mediterranean countries, Mr. Meacher confirmed that the Government had reserved Britain's position in respect of the proposal made by the EEC Commission in May which was designed to grant significant concessions to the Portuguese.

Britain, he insisted, would only accept arrangements which were based on firm undertakings.

Problems over air fares evidence

BY IVOR OWEN

DIFFICULTIES IN securing evidence to substantiate charges of illegal discounting of air fares were admitted by Mr. Stanley Clinton Davis, Under-Secretary for Trade, in the Commons yesterday.

But he refused to confirm a report that the outcome of an investigation being made by a departmental working party is likely to be little more than "a whimper."

Mr. Davis said there was still time for evidence to be submitted to the working party, whose report was expected to be submitted to Ministers before the end of October.

Mr. Richard Wainwright (L Colne Valley) asked: "Do you anticipate that this report will include a fair definition of what is and what is not illegal discounting?"

Mr. Davis answered: "That remains to be seen."

The working party, he added, had been given a wide remit and he hoped that they would tackle the problem.

Minister pledges action on oil tanker safety

CONTINUED action to improve tanker safety and reduce oil pollution was promised by Mr. Stanley Clinton Davis, Trade Under Secretary, in the Commons yesterday.

Dealing with questions from a number of MPs, he said the Government would go on trying to implement practical, internationally agreed measures.

In the next Parliamentary session, it would bring in its Merchant Shipping Bill, which would include measures to tackle oil pollution.

MPs would also be told of the results of the Government's stock-taking of contingency arrangements for dealing with spills.

Mr. Ian Gow (C. Eastbourne) called for special training requirements for the masters, officers and crews of oil tankers, and suggested re-routing tankers further away from the coastline.

Mr. Davis said agreement had been reached about training at a recent conference. He hoped this would be ratified by a sufficient number of countries in the not too distant future.

Close investigation had been given to the problem of re-routing. "We have reached agreement with the French Government on the Ushant and Casquettes position.

"We hope the re-routing and the reporting-in arrangements will be implemented by January 1, 1979."

After the Minister said a Merchant Shipping Bill would be introduced in the next session Mr. James Johnson (Lab., Hull W) said there had been disappointment that the Government had not so far found time for the measure, which dealt with many other safety matters besides oil pollution.

For example, there had been long-standing abuse of the taking of liquor on board ship, he claimed.

Mr. Arthur Blenkinsop (Lab., South Shields) urged the government to press forward with implementing safety regulations and not to be deterred by the hot and cold attitude of the Tories.

Replying, Mr. Davis claimed that Mr. John Nott, Opposition trade spokesman, had said it was necessary to have a Bill and at the same time that the Tories would not have time to introduce one.

Mr. Nott commented to Labour jeers: "We recognise on this side the very great matters in this Bill and we will bring it in as soon as possible, subject to major economic and other matters which are bound to take priority for the in-coming Government."

Tug of war over dock labour 'corridor'

By Pauline Clark, Labour Staff

THE Parliamentary debate la[st] night on the Dock Labo[ur] Scheme, 1978, was the culmi[nation] of a two-year tug-of-w[ar] between not only the t[wo] opposing political forces b[ut] also the Transport and Gene[ral] Workers Union and a powerf[ul] lobby of cargo handli[ng] employers.

It arose out of the 1976 Do[ck] work Regulation Act whi[ch] provided for a draft scheme [on] dock labour to be presented [for] Parliamentary approval.

Primarily, the scheme aimed at extending the empl[oy]ment of registered dockers [to] export/import companies wit[hin] a certain radius of their lo[cal] ports.

Even at that time, a fo[re]warning of the difficulties whi[ch] lay ahead for the Governme[nt] came with the defection of t[wo] Labour voters when it first p[ro]posed bringing all cargo handl[ing] into the scheme within a f[ive] mile "corridor" extendi[ng] inland from the port.

As a result of this revolt, [it] was forced to settle for an h[alf] mile "corridor" instead.

The Government's power [to] extend the labour scheme beyo[nd] the port areas where it alrea[dy] exists has always rested [on] whether it could achieve Parl[ia]mentary approval this year [for] the modified plan coming out [of] Section seven of the 1976 Act.

Supporters of its extensi[on] believe that its primary imp[or]tance is to impose stability [in] terms of wages and worki[ng] conditions, as well as a regu[lar] workforce, on employers who [at] present rely on casual labour.

But any such imposition [has] been opposed forcefully [by] employers, notably the C[old] Storage Federation, who ha[ve] challenged union accusati[ons] that they make profits out of [the] employment of cheap labour a[nd] fear the strong arm of [the] Transport and General Work[ers] Union.

Meanwhile, the TGWU, [the] dockers union, has pressed [for] the scheme to be introdu[ced] partly because it believes it w[ill] alleviate the problems created [by] redundancies in the do[cks] caused by containerisation.

Such schemes already exist [in] some of Britain's major po[rts] including London, H[ull,] Grimsby, Ipswich, the Medw[ay] ports, Bristol, Southampt[on,] Liverpool and Manchester. Th[ey] were introduced in 1967 wh[en] they arose out of recommen[da]tions by the National D[ock] Labour Board.

In the case of these areas, [the] effect of the scheme would [be] merely to extend the area [of] employers affected by half [a] mile.

Elsewhere, in ports such [as] Harwich, Dover, Folkstone a[nd] Portsmouth, where no su[ch] schemes exist at present, [the] half mile "corridor" wo[uld] apply from the coastal bounda[ry].

In every case however, [the] scheme never sought to imp[ose] the "corridor" automatica[lly]. The schemes still have to [be] recommended by the Natio[nal] Dock Labour Board which [has] first to invite objections bef[ore] implementing the rules.

It is the composition of [the] dock labour boards which [has] raised much of the oppositio[n].

The boards are now compo[sed] only of 50-50 employers-un[ion] representation and the Gove[rn]ment has rejected pressure [to] introduce consumer interests.

Cost of excise duty abolition

THE PRICE of a gallon of pet[rol] would have to be increased [by] 20p to offset the revenue loss [of] abolishing vehicle excise du[ty], Mr. Robert Sheldon, Financ[ial] Secretary to the Treasury, t[old] the Commons in a written answ[er] last night.

He said it was estimated t[hat] in 1978-79 the revenue fr[om] vehicle excise duty would [be] £1,075m of which £840m wo[uld] come from petrol driv[en] vehicles.

If vehicle excise duty w[ere] abolished and the rever[nue] recouped by an increase in [duty] on road fuel, the price of [a] gallon of petrol would rise [by] 20 pence. If vehicle excise du[ty] were abolished for petrol driv[en] vehicles alone, the increa[se] would be 19 pence per gallon.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Finding the best colour match

A COMBINATION of precision spectrophotometry and digital computing techniques has been applied by IBM's instrument systems group in the design of two new instruments, the 7841 textile colour analyser and the 7842 coating colour analyser.

The user is faced only with a sampling head, keyboard, gas panel display and a printer. After placing the sample in the holder the operator presses the run button and fibre optic cables carry the colour data to a scanning spectrophotometer which has only one moving part. Each sample is read at 150 reflectance points eight times per second.

Through a series of questions and answers the operator can use the analysers in many applications including colour matching, formula correction, dye and pigment analysis, shade sorting, production sorting and dye/pigment inventory control.

Selected measurements can be shown immediately on the panel as well as being printed and stored for future use. Specific data may be transferred via a diskette to a computer for further analysis.

IBM claims that these machines can give better control of colour quality, speed up colour analysis and improve productivity. Manual techniques in formulating a colour may not always result in the combination of dyes which yield the best match at the lowest cost.

These new machines can be used to match the standard with a number of possible combinations of dyes or pigments and obtain a printed list of the resulting formulae in cost order. As a result the stock of seldom-used dyes or pigments can be reduced.

More from 101 Wigmore Street, London W1H 0BA (01-935 6600).

Gauges and calibrates

HAND-HELD instrument from Jenway gives both accurate temperature measurement and calibration of most types of thermocouple-based measurement and control equipment.

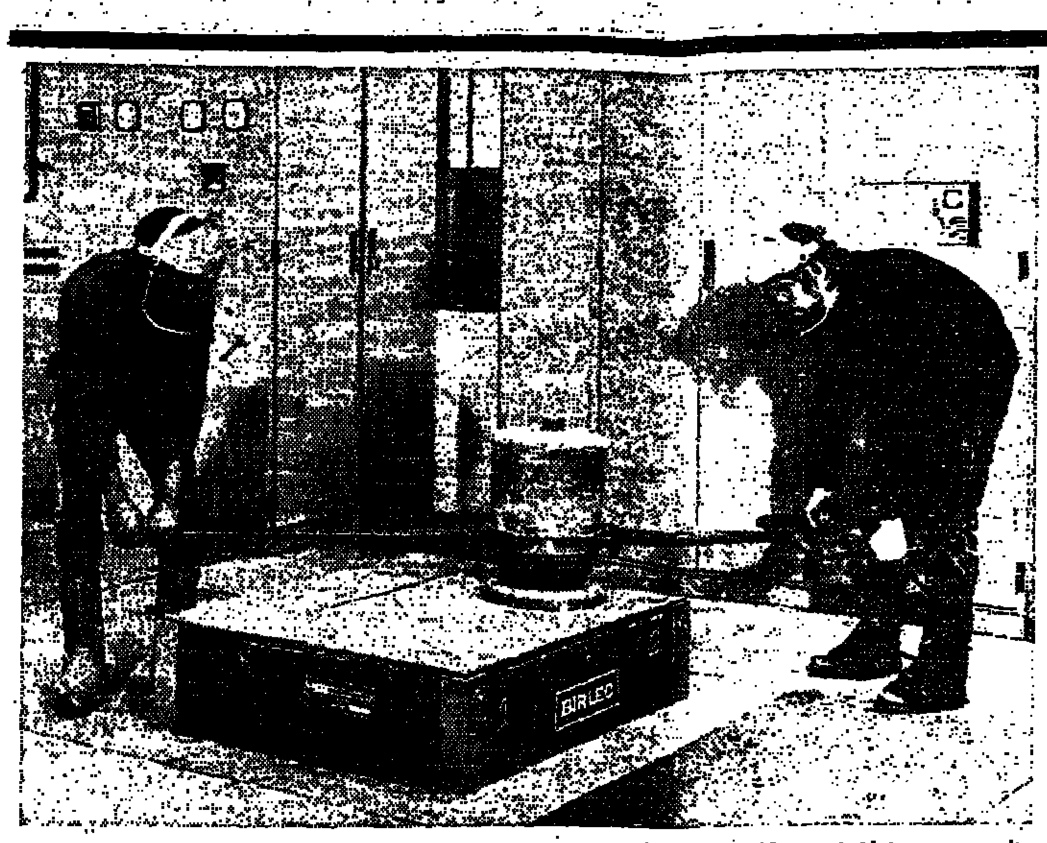
The unit is available in four versions which together provide an operational temperature range of −100 degress C to +1750 degrees C. Thus they may be used with nickel chromium/nickle aluminium and iron/constantan thermocouples, and platinum resistance sensors; millivolt output models are also available.

Known as S555, the unit is calibrated to the relevant British standards, but can be supplied to meet DIN and other calibration requirements. Standard features include automatic cold junction compensation, resolution of 1.0 degrees C, and an accuracy of 0.1 per cent of reading plus or minus 1 degree C.

In its role as a calibration instrument, the device offers an accurate and simple means of calibrating thermocouple-based instrumentation. The instrument under test is coupled to the S555 and then zeroed by means of a high resolution potentiometer.

This control provides a swing of 60 degrees C to enable the suppression of 50 degrees C elevated cold junctions. The second multi-turn potentiometer is then used to inject the desired auto-linearised temperature signal, the result of which can be assessed by comparing the display of the instrument under test with that of the S555.

Fitted with HP7 batteries as standard, the Model S555 provides up to 12 hours continuous use. More from the company at Rayne Road, Braintree, Essex. (0376 26266.)



These operators at GEC Power Engineering, Stafford, are lifting one of the crucibles in a twin, hydraulically operated "push-out" furnace made by Birlec. Aimed at the jobbing non-ferrous foundry, the furnace can melt 90 kg in about 12 minutes, a vast improvement on the previous oil-fired installation which took 2¼ hours to melt 275 kg. Each crucible is supported on a hydraulically operated platform to lift it clear of the induction coil so that it can be removed for pouring. The two stations work alternately and each is able to induce up to 600 kW into the metal.

● HANDLING

Keeps the shirts moving

A MECHANISED handling system for the continuous movement of products through the warehouse, on to packaging and up to the higher level despatch bay, has been put into operation at the distribution centre of British Van Heusen, Taunton, Somerset.

The installation has been supplied to the design and requirements of the company's engineering division by Gough and Co. (Hanley), Clough Street, Hanley, Stoke on Trent, Staffs., ST1 4AP.

Some 180,000 dozen shirts are handled each year, of which more than 20 per cent are exported, and in addition to its own output the distribution centre also processes shirts from its outlying production units. These arrive in single boxes for holding in the 20,000 square foot single-storey warehouse where, after checking and classifying, they are placed in a gravity storage system.

Orders are made up and shirts loaded on to wheeled trolleys each of which can hold 120 boxes. The trolleys are then engaged with the carriers of the overhead conveyor which follows a circuit of some 120 yards around the warehouse area.

The conveyor, from the Gough Econ Super S range, is said to be a highly adaptable multi-unit dual direction system which can be used for overhead suspension, floor mounting or in-floor installations. Suitable for light medium and heavy duty applications, it is capable of carrying loads of up to 240 lbs.

Apart from the benefits of consistently moving stock through the adoption of mechanised techniques, the system reduces the element of man handling formerly required, so releasing labour, says the company, for more productive activities which is of especial value during seasonal pressures.

● TRANSPORT

Easier to change the bodies

FROM SPECIALIST dismountable equipment manufacturer, Abel Systems, comes a new swop body system specifically designed for small vehicles including Transits, Sherpa, Bedford CF and similar vehicles up to 7.5 tonnes gvw. Known as Abel Airlite, the system caters for payloads of between one and four tonnes.

Low tare weight and low cost are said to be prime features of the equipment. For example, on a Ford Transit 190, the net additional tare weight of the vehicle is increased by only 2¼ cwt; conversely, the cost of the system is less than half of a conventional swop body vehicle.

The weight savings are said to come from making removable, wherever possible, items that in a conventional swop body system are fixed to the chassis or body, because the lift pack is a lightweight portable unit that can be quickly placed between chassis and body.

As with all the company's swop body equipment, the lift pack operates pneumatically, but with the Airlite system, it is powered from a garage airline or air bottle. For chassis which have air brakes, the existing reservoir is tapped and used as the power source. The support legs are also removable and, therefore, can be retained at the operating base of the vehicle.

The components of the Abel Airlite swop body system are virtually identical to those used in the entire range of Abel demountables, but are scaled down for the reduced payload and to minimise the unladen weight of the vehicle. Because of this, the reliability and long life of the equipment is said to be assured, and the company is backing it with its full 5 year warranty scheme.

The system was developed in conjunction with North Thames Gas, Midlands Electricity Board and the London Electricity Board. All three organisations have large fleets of vehicles with specialised bodies under the 7.5 tonnes gvw category. This would mean that they could cut down on the number of special body units many of which are on standby to cover vehicle breakdown and/or servicing.

A production line has already been installed at the Chesterfield factory of Abel Systems specifically for the Airlite demountable equipment, and more information is available from its head office at The Priory, High Street, Redbourn, Herts AL3 7LZ (058 285 2685).

● ELECTRONICS

Sharp photo from the screen

A SEVEN inch precision CRT monitor, PDM 17BE can now be supplied by Cotron Electronics and is intended for incorporation into medical or scientific equipment to give a display suitable for high quality photographic recording.

The tube employed is able to resolve more than 700 lines per picture width and uses a blue phosphor giving optimum actinic light emission. The unit is normally supplied complete with a fitting for the Shackman oscilloscope camera.

A standard 625 line interlaced raster is produced and the monitor accepts signals in the form of composite video conforming to CCIR recommendations, or non-composite video with mixed synchronising pulses on separate inputs.

Special attention has been paid to picture stability to give consistent results when photographs are taken at intervals. Over a 24 hour period the company claims that variations in brilliance are less than 0.25 per cent, similar figures applying to both picture geometry and position.

More from Eagle Street, Coventry CV1 4GJ (0203 21247).

Checks on solar gain

AVAILABLE FROM J. Williams (Energy Services) of Droitwich is an easily read temperature monitoring system which enables users of solar panel heating systems to see the differences in temperature between the incoming cold feed water and that of the warm water leaving the panel.

The display consists of a simple vertical column of 16 light emitting diodes; the bottom lamp indicates zero temperature difference and subsequent lamps represent five degree intervals, to a maximum of 75 deg. C.

Solid state electronics and the display are housed in a neutral coloured case measuring 150 x 80 x 50 mm and the unit operates from the mains.

More from the company at The Furlong, Berry Hill Industrial Estate, Droitwich, Worcs, WR9 9AJ (09057 3701).

● TEXTILES

Improves appearance of carpets

THE CARPET trade has grown considerably over recent years, but most of the new capacity, both in Britain and elsewhere, has been tufting, which is a much simpler process than weaving. It is a system that favours the production of long runs of plain carpet although various patterned effects can be produced either mechanically or by printing.

One way of introducing a change in the character of the carpet is to modify the yarns used to make the pile and now there is a tendency towards using 100 per cent wool pile yarns that have been given a milled or felted treatment. A number of different ways of producing this felting can be used. They are either aqueous or solvent-based.

A process has been developed in Germany by Böwe which is solvent-based and which eliminates almost all the pollution problems that a water-based treatment can cause.

The Permac machine resembles a conventional solvent dry cleaning unit and it uses a perchlorethylene solvent as the medium for milling the wool and wool blend yarns which have to be in hank or skein form. The solvent is recycled within the machine and so losses are minimised and the problems of effluent and effluent treatment are minimal. Once a cycle of treatment has been decided upon the machine is programmed to reproduce the sequence via a 32-track program card control and in this way each batch treated is given precisely the same treatment.

This reproducibility is considered vital in the carpet trade where even the slightest variation in a plain carpet will be revealed at a glance. The batches that can be processed in the new system range from as little as 60kg up to some 150kg per loading.

An advantage of the process in terms of carpet pile yarn is that it can be applied before subsequent dyeing of the yarns and this will pre-treat them in such a way that improved dyeing performance will be assured.

The British Agent for Böwe is Muschamp Knitting Machinery, Bank House, Valley Road, Basford, Nottingham NG5 LJJ (0602 71064).

● MATERIALS

Study of adhesives market

THE ADHESIVES industry in the UK has now topped the £110m annual turnover mark and although recent and estimated future growth does not match that of the days before the recession in the construction, vehicle manufacturing and packaging industries, there are still applications and companies where business is very buoyant, and expectations from new technology are good.

Industry growth forecasts are now at the 5 to 6 per cent level overall compared with approximately 8 per cent four years ago but expectations are considerably higher than this for the construction, bookbinding, pressure-sensitives and, particularly, the do-it-yourself market sectors.

These are some of the major conclusions in a comprehensive report on the UK adhesives industry, priced at £750, and published by Industrial Aids, Terminal House, 52 Grosvenor Gardens, London SW1W OAU (01-730 5288).

The report analyses the UK market from three viewpoints, by adhesive product type (15 major classes are identified), by end-use application (14 are separately discussed, including the retail and DIY sector), and by industrial company performance.

Also included are financial and product profiles of over 30 companies operating in the market, with turnover and profitability summaries from the latest published accounts.

Corresponding reports on the industries in France, West Germany and Benelux will be published in November. Individual country volumes will cost £750 and the complete report, including a summary volume, will cost £2,500. There is a reduction for clients subscribing prior to publication, and the opportunity to insert special topics into the survey work.

Cold store in France

CLOSE BY the site of a castle, Chateauneuf-sur-Loire, one of the homes of Louis the Fat (Louis VI) and other French monarchs, a 750,000 cu ft cold store is to be built with British insulation.

The contract, worth around £½m, has been awarded by cold-store operator, Christian Salvesen to W. H. O'Gorman Manufacturing, Riordan House, 639 Harrow Road, London NW10 5PH (01-969 2455). This will be the company's second cold store in France.

The insulation system is based on the company's Isowall insulation panel, produced at its factory at Chandlers Ford, Hampshire. The panel consists of high density polystyrene bead board or SP grade Styrofoam extruded polystyrene board sandwiched between tough, pre-stressed steel skins.

The panels are made to a 1,220 mm wide module and can be produced to any length. Light in weight and structurally strong, they are said to greatly reduce the amount of steel framework needed; even panels of up to 12 metres long need no support, vertically or horizontally, except at each end when used in ceiling construction. Core thicknesses are from 50 mm to 250 mm according to insulation requirements.

● CONFERENCES

Detection of fire

A TWO-DAY course with lectures and demonstrations, organised by GP-Elliott Electronic Systems and aimed at those concerned with the design, performance and installation of fire and gas detection systems in the offshore and refinery industry will take place at Merton Technical College, Wimbledon on November 15 and 16.

Intended for designers, engineers and managers, the lectures will be given by specialists from several companies apart from GP-Elliott, and also by speakers from BASEEFA.

Fee for the course is £90 per person (inc VAT) and this includes course notes, lunches and light refreshments but excludes overnight accommodation.

More from the company at 61 High Path, Merton, London, SW19 (01-543 1241).

Less risk getting to the top

The manufacturer of the glass fibre ladders, featured on this page yesterday, is Stephens and Carter, which company we inadvertently referred to as UK agent.

The Management Page

EDITED BY CHRISTOPHER LORENZ

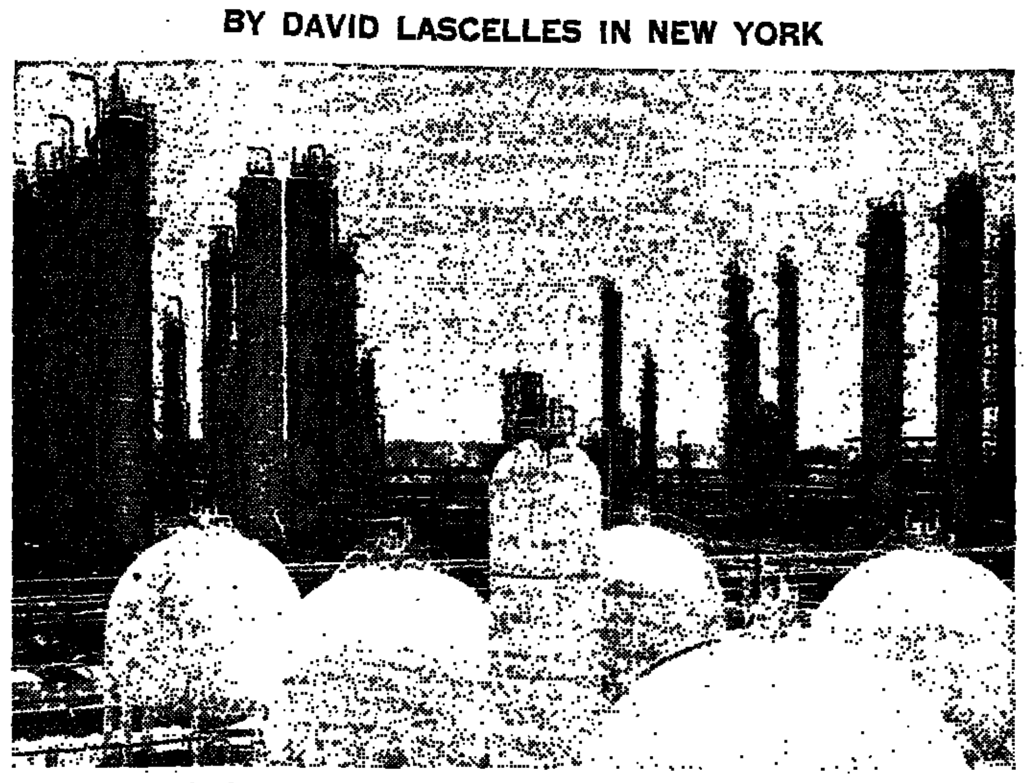
The U.S. oil giant bidding to swallow Albright and Wilson

BY DAVID LASCELLES IN NEW YORK

IF AND when Albright and Wilson shareholders approve the acquisition of their company by Tenneco at their meeting on August 7, Britain's second largest chemicals company will pass into the hands of one of the most profit-conscious conglomerates in the U.S., best known in Britain for its participation in North Sea oil, and in the U.S. for its skill in spotting sick companies, buying them up and turning them round.

Not that A and W shareholders need to be told this. Tenneco already has effective control of their company through a 49.8 per cent holding acquired in 1974.

Based in a cool smoked glass skyscraper in Houston, Texas, Tenneco has come a long way since it started out as the Tennessee Gas and Transmission Company 34 years ago with a Government certificate to build the first natural gas pipeline linking the gas-rich Texas gulf coast with the heavily populated areas of the north east. Pipelines are still the largest single source of revenue—just. But they will yield first place to the company's integrated oil operations in the next year or two, and even possibly its fast-growing construction and farm equipment division.



One of Tenneco Chemicals' 31 plants. The company is best known in the U.S. for its skill in spotting troubled companies and turning them round.

Diversified

For Tenneco has become highly diversified with interests that stretch well beyond energy to the car industry, chemicals, shipbuilding, packaging, farming and insurance. At the latest count, its products ranged from nuclear warships to shower curtains.

It is a familiar pattern for a company that started out with a wasting asset—in this case oil and gas. But according to Jim Ketelsen, the 47-year old Iowan who recently added the title of chairman and chief executive officer to that of president, energy-related business will be the core of the company for some time yet. Production from Tenneco's oil and gasfields will go up "about 25 per cent over the next few years," and the company is confident that oil and gas earnings will go on rising too.

Mr. Ketelsen is a tall, lean figure with finely chiselled looks and pale blue eyes, with shirt to match. An accountant by training, he is generally credited with the tight financial management that has been one of Tenneco's hallmarks of the 1970s. His tone is soft and well-reasoned, but blunt when necessary. He literally has figures at his fingertips in the shape of a chunky wristwatch-cum-calculator.

Jim Ketelsen—'I think Albright will like Tenneco. It won't be the case of the ugly American.'

"We are bullish about the prospects for oil and gas in the medium term," he said. "This year we expect to spend $550m—about half our total investment budget—on oil and gas exploration. Our oil and gas income should continue to rise for the next five years at least."

But though Tenneco is active in oil and gas abroad—it boasts a third share of the North Sea's Heather field, and a gas project in Trinidad—the company is focusing its efforts on domestic projects including new areas like the Atlantic Coast where it has a share in the Baltimore Canyon leases now being explored.

"It's a matter of relative profitability," explained Mr. Ketelsen.

Despite the profits, though, it is not easy being in the U.S. energy industry. Mr. Ketelsen complains of growing Government interference, and says the lack of a U.S. energy policy has held up several of the company's big programmes. This in turn makes it hard to plan pipeline use in the long term.

Although Tenneco began to diversify its energy interests back in the 1950s, its first big step into new pastures came in 1967 when it bought Kern County Land Company, a sprawling concern which included oil, farming and vehicles. Its largest asset, though, was J. I. Case, a maker of farm and construction machinery which was going through a difficult period at the time.

Through a long-term programme of reorganisation and capital infusion, Case has now been turned into a profitable concern whose revenues are expected to reach $2bn this year. Thus it was that Tenneco got into the business of reviving sickly industrial concerns. Not long afterwards, it came across David Brown Tractors, the ailing British farm machinery company, and bought it up in 1972, since when, Tenneco claims, it has become profitable and expanding.

The company then sprang a surprise last year by offering to buy a 40 per cent stake in Poclain, the giant French excavator manufacturer which was also in deep trouble.

Although the French Government wanted a "French" solution to the Poclain problem, only Tenneco seemed prepared to take it on, since it believed that by meshing its production and distribution facilities with those of J. I. Case it would revitalise Poclain's sagging prospects. A year later Mr. Ketelsen now claims "Poclain already has a big back-up of orders." As with Albright and Wilson, Tenneco has an option to take a majority stake in Poclain, which it will probably exercise later on.

Another successful sally into the engineering field is automobile parts, which began with Walker Manufacturing, a leading maker of silencers and exhaust pipes bought in 1967 as part of the Kern County package. Again, this was followed up with takeovers in Europe, including in 1977, Harmo Industries of Birmingham, all of which are now being organised into a single network capable of servicing almost all makes of cars, mainly in the repairs rather than original equipment market.

Last year also saw the acquisition of Monroe, the largest U.S. manufacturer of shock absorbers based in Michigan and employing over 6,000 people.

Less successful, Mr. Ketelsen admits, was Tenneco's decision back in 1968 to buy up Newport News Shipyard near Richmond, Virginia. At the time it seemed a good idea. Tenneco accurately foresaw that the government would play a growing role as purchaser on the U.S. market, and Newport built ships for the navy. The yard also made nuclear powered vessels, which Tenneco saw as a useful point of entry into a high technology field.

Newport News still makes a profit, turning out warships, liquid natural gas carriers and other vessels. But shipbuilding is not exactly a bright spot at the moment, and the U.S. government is a tricky customer: like other major defence contractors, Tenneco has claims for payment of millions of dollars lodged with the Government.

"We would probably divest ourselves of it if we found a customer" said Mr. Ketelsen. "But there aren't any buyers. Even the Government isn't interested in buying it."

The chemicals division with which Albright and Wilson is to be grouped is based on petrochemicals. The main products are PVC and organic chemicals, with smaller interests in foam products, paper, chemicals and other specialities. However, Albright is somewhat bigger than Tenneco Chemicals (annual sales of $590m against $499m). For this and other reasons to do with geography and product, the British company will be in a division of its own.

TENNECO AT A GLANCE—1977

($m)

	Revenue	Income	Capital outlays	Assets	% return on assets
Integrated Oil	1,704	398.5	386.3	2,115.7	18.8
Natural Gas Pipelines	1,835.9	289.2	92.3	1,511.9	19.1
Construction Farm Equipment	1,505.6	110.9	78.6	978.5	11.3
Automotive	657.3	71.9	22.7	414.4	17.4
Chemicals	479.6	52	32.3	434.2	12.0
Shipbuilding	784.9	50	33.7	450.6	11.1
TOTAL	7,440.3	1,046.1	714.4	6,428.6	16.3

U.S. drive

Apart from its financial plight—which Tenneco thought it could cure the company's chief interest in Albright and Wilson is its strength in inorganic chemicals, mainly phosphorus, which will greatly broaden Tenneco's chemical base. According to George Meason, executive vice-president with responsibility for chemicals, "It's an important diversification for us. We shall be trying to expand Albright and Wilson's sales in the U.S. They've been too timid here up to now. True, it's a tough market, but it's too big to ignore."

What is Tenneco's formula for putting companies back on their feet?

According to Mr. Ketelsen, it's a question of choosing the right company in the first place. "We have been careful to move into areas that we know something about, and where we can help. For instance, we were able to revive David Brown Tractors by giving the company access to the U.S. tractor market through our J. I. Case distribution network. Harmo is also getting through to foreign markets through us."

But what about management? "We are a large company, but we try to operate on a decentralised basis. We give people the freedom to react on the spot as they see fit, and we don't put in a lot of Americans. Look at David Brown. They were losing money: now they're making it, and it's basically the same management."

Aggressive

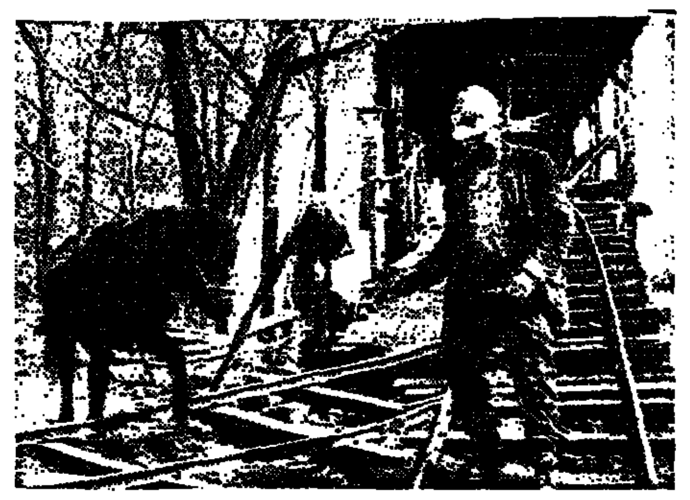
Mr. Ketelsen's claim is borne out by Mr. Gamble Baldwin, an industry analyst at First Boston, the New York investment bank. "I think Albright will like Tenneco. It won't be a case of the ugly American. But I also think you'll find Albright becoming more aggressive. Tenneco is a highly profit-minded company and the management is strong."

Albright joins Tenneco at a time when it is predicting an annual rise in earnings of over 10 per cent, on a compounded basis, over the next few years, largely due to the strength of the energy-related business.

The coming period will also see what the company describes as a "rounding out" of its diversification: filling in the gaps and smoothing the joints.

"We like the broad areas we're in," said Mr. Ketelsen. "It would take a singular opportunity to draw us into something wholly new." But he predicted that the trend of foreign expansion set by the Albright and Poclain purchases would probably continue, not so much out of conscious policy, but because Tenneco's foreign exposure is still very small for a company of its size (only 15 per cent of revenue).

Pitting their wits against the elements



A pair of small miners still hoping to strike it rich

PAUL CHEESERIGHT ON SMALL MINING

THE ROMANTIC image given to mining prospectors, fostered by two generations of cinema and television films, is of bearded men trudging towards the horizon, armed with hope, carrying a pick and shovel and followed by a pack horse.

The notion is a century old. All that still remains is the hope, and it is usually held by small exploration companies—nursing visions of corporate fortunes to be made for them, by somebody ese.

The great strength of these companies is that they pave the way for their bigger brethren in the search for commercial deposits and are prepared to mine small orebodies of often very specialised minerals which do not attract the majors.

Their weakness, on the other hand, is a lack of financial and technical resources, which limits their activities. They are, to use an analogy from another industry, like the feeder airlines for a major aviation network.

In a survey of 41 majors operating in the U.S. it was found that 85 per cent of the outside submissions made to them on potential mining properties came from small miners. Between 12 and 18 mines a year were being brought into production after first being suggested by small miners.

At the Prospectors and Developers Convention held in Toronto last March, a paper presented by Esso Minerals Canada calculated that between 1970 and 1977, eight of the 46 mineral discoveries made in Canada were found by surface prospecting. It is precisely this sort of prospecting that the small mining companies are best equipped to undertake.

Once a small company has found indications of a deposit on the surface it is, broadly, faced with two choices. It can press on with the exploration or it can take in a partner.

To press on will mean expenditure over several years, using techniques such as aerial photography, geophysical and geochemical analysis and a lengthy drilling programme. The cost could run to millions—often an impossible burden for a company with little or no cash flow.

The alternative is not unlike an investor finding a manufacturer to produce and market his new device. The technique involves "farm-outs" and "options."

In the case of farm-outs, the small company will reach an arrangement with a major which pays a sum in cash and contracts to carry out a programme of exploration and development. In return the major will earn a percentage of the property. Usually there will be a clause containing the conditions under which the major can withdraw if it does not find the venture worth pursuing.

Options tend to be less far-reaching, simply giving a major an opportunity to take up an interest with in a certain period of time for an agreed sum. But the payments stop if the option is permitted to lapse.

An example of how the links between a junior and a major can be forged took place in Britain last December. Hemerdon Mining and Smelting, a Bermuda registered company, owns the mineral rights to a tungsten-tin-china clay property outside Plymouth. It reached an agreement with Amax, the U.S. mining conglomerate, providing for the latter to earn a half share if it completed a work programme and paid unspecified sums of money. The work programme was split into phases, with each one proceeding subject to success in those before it.

The continued prosperity of the small companies depends on the regular flow of funds which comes from producing operations. The first source is the joint venture, where the small company has managed through the years of exploration and development to keep a hold on a substantial portion of the equity.

Executives of small mining companies draw the moral that not too many eggs should be placed in one basket. Extreme caution should be used in the disposition of funds, because there is only a very narrow margin for error.

A second source of funds involves the payment of royalties or tribute of some sort by a major working on the junior's land. For example, Hampton Gold Mining Areas has owned since before the turn of the century, extensive lands in Australia. Some of this is now being used by Western Mining for nickel operations and Hampton receives a royalty on every pound produced.

This provides it with a cash flow which allows it to invest in areas which the majors find unattractive because their high overheads demand a high volume of production.

Thus Hampton is engaged in mining coal in the UK, working under licence from the National Coal Board. This type of operation points to a third source of revenue for the small companies: production based on small deposits, frequently of specialised minerals where the initial capital outlays are modest compared with those for, say, a large base metals mine.

In the U.S., the Bureau of Mines calculated that 4.5 per cent of total domestic mineral production had come from small mining companies. But that bare figure disguises the fact that the small miner is pre-eminent in certain of the commodities.

Small miners account for the total production of crude asbestos, graphite, kyanite, tale and industrial garnets. They produce more than 60 per cent of the nation's perlite and dimension stone and more than half of the barite and feldspar as well as 49 per cent of the mica and 24 per cent of the gypsum.

And, in this country, Bristol Mineral produces nearly 10 per cent of the world's strontium production.

ɒMBARD

Protecting the value of money

BY MICHAEL BLANDEN

THERE IS strong appeal in the idea of setting the Bank of England up as an independent check on the Government's actions in the monetary sphere and as protector of the pound. The suggestion has been revived recently in a paper prepared for the Association of British Chambers of Commerce, which argued that the Governor should be made directly responsible for maintaining the value of the currency and should be given constitutional support for his position.

The direct connection between the constitutional position of the central bank and the success or failure of counter-inflation policies, however, is not easy to demonstrate convincingly. Moreover, it is hard to see how the system operated in other countries with a markedly different political set-up could be expected to be adaptable to the UK.

It is no accident that the two central banks most often quoted as examples of entrenched independence, the Federal Reserve and the Bundesbank, are in countries which have a federal constitution. In differing ways both have an element of the separation of powers built into their structure.

Unitary

The UK, in contrast, is a unitary State. The Bank of England is a nationalised institution and has been since 1946. For a long time before then, as the Bank itself pointed out in its recent evidence to the Wilson committee, it had regarded its responsibility and duty as directed to the national interest "always subject to the ultimate authority of government" (government, note, not Parliament). The ultimate responsibility for decisions on monetary policy, interest rates and exchange rates lies with the Minister concerned, the Chancellor of the Exchequer, and with the government of the day.

The point was emphasised a while ago when the select committee on the nationalised industries was looking at the Bank, with the comment from a Treasury Minister that "the Bank advises, but it is the Government who decides." And this has been illustrated by the way in which decisions over the level of the Bank's minimum lending rate have this year been clearly laid at the door of the Government, in consultation with the Bank, as a result of the return to an administered rate after the experiment with a market-related formula.

Yet it would be equally wrong to suggest that the Bank is entirely a creature of the Government or that it lacks its own considerable power to take the initiative. It has a good deal of independence in the day-to-day handling of the various markets in which it is involved, gilt-edged, short-term money and foreign exchange, within the general parameters agreed under official policy. It has succeeded in retaining substantial freedom of action in its methods of conducting the supervision of the banking system and less formally in other areas of the City.

The Bank has considerable importance as a link between the City institutions and Whitehall and the Government. And above all it has a powerful voice in advising the Treasury and the Government on leading policy issues. The final decision may in principle rest at the other end of town; but the Bank is certainly able to exercise an influence over both the basic approach and the way in which it should be implemented.

Mechanism

It is difficult to imagine circumstances in which any Governor could allow himself to be put in the position of conducting a public argument on a basic policy issue with the government of the day; he would have reached resigning point before then. Yet a case can be made for a mechanism which would enable the Bank to enjoy a more open discussion of policy-making. Such a move might, apart from anything else, help to avoid some of the confusion which has arisen in the public mind over who exactly has been responsible for particular decisions.

Mr. Gordon Richardson, the present Governor, has already taken steps in this direction. He has himself, for example, made a convincing appearance before the select committee on the nationalised industries early this year—though admittedly he was not pressed very hard on the questions which might have arisen out of his description of the fringe bank crisis. The Bank has published the extensive material it has submitted to the Wilson committee and has shown a growing willingness to make public its own contribution to debate on essential issues.

Rather than trying to revolutionise the British constitution, a more fruitful approach would be the parallel suggestion put forward by the Association and recently espoused by Sir Geoffrey Howe. This is to open up the policy-making process by establishing a regular channel through which the Governor could explain his contribution to policy to Parliament and to the public, by using the procedure of the Parliamentary committee.

A clear picture of decaying dockland

THE FACILITY for showing rather than telling is clearly a unique advantage of film and other media. But equally important, though rarely appreciated, is the way in which ideas can be implanted through the sheer juxtaposition of successive pictures—their messages conveyed by subtle yet relentless build-up, layer upon layer, as the film unwinds.

There is a rare opportunity for some readers to experience the film which inspired these particular words because it is being transmitted on Thames Television at 6.00 pm on August 3. It is a sponsored film about the London docks, made for Leonard and Partners in association with Bernard Thorpe and Partners. There the commercial plug ends, because nowhere in the film—titled *Dockland Rules OK!*—is the firm hand of sponsoring interests *remotely* evident.

Of course, a firm of civil engineers and a property agent obviously have a very real *interest in what happens* to London's dockland. But this film comes over as objectively as the best of television documentary—a guided tour through the declining neglect of the valuable *acres each side of the Thames* basin. It is an indictment against inaction by local and national government, but it also unfolds a graphic and credible picture of what could happen if current plans are realised. The message, *convincing* and impossible to dodge, is that London dockland is a decaying dump—but current schemes and others on the planning board could bring about a genuinely exciting transformation of real social importance. Without having to ever say it, the film is a call for action and an end to procrastination.

The film achieves this by those complex processes which make the moving picture such a unique medium. It enables the viewer to see for himself the visual evidence—not only by the quaysides, but from a helicopter in which Horace Cutler, leader of the GLC, gives a greater insight into the area as he provides a running *commentary*. The pictures themselves are visually compelling and revealing, the camera angles extending the viewer's eye to see things in ways that the casual observer would miss; maybe even to manipulate the angle in order to make a specific point.

The people interviewed in the film set the seal of credibility. A group of workers by a desolate quayside; an old local resident; a cafe owner. Their own unscripted dialogue (which nonetheless has been edited to concentrate on the issues the director wants *exposed*) provides first-hand evidence of the problems. And it is all handled with a relaxed skill that eschews any suggestion of manipulation; even the cafe owner carries on buttering *the bread* as he tells of the decline in customers.

Yet manipulation there always is, because films don't make themselves—people make them. Even with the most mundane technical subjects, we have ways of making you see—and never will you see anything that the *director* wishes to hide. If this was the case in Dunlop's latest film, *Time to Stop Again*—which is about aircraft braking—the viewer has no means of knowing. All that emerges is a smooth, well-produced introduction to the technology of aircraft brakes and how aircrew and maintenance staff can ensure the longest life and greatest efficiency from brakes.

The film is a re-make of a much older Dunlop film which became a best-seller to airlines all over the world. With animated graphs, camera angles from perilous positions in aircraft and the inevitable sequences on testbenches, there could be no better way of telling the story.

Likewise in a film from the Manpower Services Commission *—Natural Selection: An Introduction to Trainability Testing.*

FILM AND VIDEO

BY JOHN CHITTOCK

Despite that mouthful of a title, this is a cogent account of a new way of finding out if job applicants are likely to reach satisfactory standards after proper training. The system is simple: sit the applicant in front of the job he or she is going to be trained to do and assess how they get on after only the briefest of instruction.

The film demonstrates well how this actually works, with sequences of real applicants filmed as they were being tested. If anything is lacking in the film at all, it is some of the hard data on research and results which would lend even greater credibility to this very important method.

Credibility is, perhaps, one of the most important rewards that a good film or video programme *can* bring for its sponsors. In current times of industrial strife there is too much suspicion and ignorance between the various factions involved. More needs to be known and seen of *the other* separate worlds that mesh into our complex social machine.

With this in mind, I went last week to a shareholders' meeting at which a video programme about the company was being screened. It was the AGM of GEI International, a British engineering group, and for the occasion a television projector *had been installed* so that a cinema size screen could be seen by everyone in the room.

Unlike so many video programmes, this one—a guided tour round the various engineering companies in the group—is a polished, well-produced job. Indeed, the ultimate accolade is that its flexibility of camera work and editing is so much like that of a film that everyone at the meeting constantly referred to it as a film. Only the scripting and the attempted humour by Glyn Worsnip (of "That's Life" fame) fails.

I asked numerous shareholders afterwards what they thought about it. The answer was unanimous approval and enthusiasm. Some went further and said it told them much more about the company than they could ever glean from the printed annual report.

For me, the most poignant part of the experience was talking to the shareholders. If only, if only, my interviews could have been videotaped, edited and turned into a programme to show at the next TUC annual meeting—maybe, maybe, a glimmer of light would filter through. Such as the 72-year-old retired worker from the electricity industry (with his wife) who claims that—through his savings invested in shares—they manage to go away for three holidays per year.

But of more importance, these people were keen. It really was *their* company. This was *a real interest in their* lives with serious and practical consequences. And the video programme helped to remind them of that.

Who now is going to make films or video programmes for audiences other than investors—to explain the role of shareholders, industry and companies in modern society? In 1978 *these* subjects remain neglected.

Puza picked from another tricky Stewards' Cup field

RACING

BY DOMINIC WIGAN

WITH SUNDAY'S prolonged rain having considerably eased the ground, Goodwood's clerk of the course, Ralph Hubbard, anticipates perfect going for today's opening afternoon of the five-day meeting.

If this proves to be the case, the invariably tricky Stewards' Cup, which, to many people's surprise, produced a winning favourite 12 months ago, will be thrown even more open.

A number of smart sprint handicappers have been mooted as possible favourites for this afternoon's six-furlongs event since the weights were published and *Vaigly Great in particular,* has come in for heavy support.

The three-year-old, trained by Michael Stoute, certainly appears to have the right credentials to run really well off his modest mark of 8st 7lb. A clear winner from the less forward Formidable when a heavily backed favourite at the corresponding meeting last year, Vaigly Great has made just two appearances this season. Third (when again the subject of a gamble) in a competitive seven-furlong handicap at Doncaster in the spring, the Great Nephew chestnut then occupied the same place behind Persepolis in a Newmarket handicap, in which he returned to today's distance.

Although he has not been the easiest of horses to train, as a result of tendon trouble, Vaigly Great will, I feel sure, be turned out, *ready to run the race of his* life.

Three others who strike me as possible win-and-place propositions are towards the foot of the handicap: Jenny Splendid, Puza, and Overseas Admirer.

Jenny Splendid, a particularly tough four-year-old handled by Johnny Haine well remembered for his stylish riding over hurdles, showed that she was returning to form with a credit*able effort in the Brightwalton* Handicap at Newbury ten days ago. Backed from 10-1 to 5-1, Jenny Splendid made rapid late headway before faltering near home to finish third, behind Nearly New and Carriage Way.

Just 2lb below Jenny Splendid, who receives 7lb from Stoute's colt, is Puza, trained by Jeremy Hindley for his wife, Sally.

Another tough and genuine individual, Puza showed that a major handicap such as this might well soon come his way when making light of 8st 11lb in the five-furlongs Red Deer Handicap at a Chester evening meeting earlier this month. Successful only at five furlongs, over which trip he has scored *three time*, Puza could well find this afternoon's six furlongs on the stiff side for him, should the going ease further—nevertheless, he is my choice.

John Winter told me a long while back that he intended saddling Overseas Admirer for today's big race and his hopes in the High Top gelding cannot have been dampened by the four-year-old's efforts in Royal Ascot's Wokingham and in Doncaster's Stockhill Stakes. At Ascot Overseas Admirer failed by a head to overhaul Equal Opportunity; a few days later on Town More he beat Beaufort Street a shade more cleverly than the threequarters of length margin might suggest.

As was the case yesterday, industrial problems outside the Financial Times makes a list of selections impossible.

GOODWOOD

2.55—Puza***

Jenny Splendid, e.w.

TV Radio

† Indicates programmes in *black and white*

BBC 1

[6].40 am Open University (Ultra [Hig]h Frequency only). 9.55 [Mag]ic Roundabout. 10.00 Jack[ano]ry. 10.15 Pink Panther. 10.35 [Bel]le and Sebastian. 1.05 pm [Pebble Mill.] 1.30 Bod and the Kite. 1.45 News. 2.00 Racing from *Goodwood (2.15, 2.55, 3.30, 4.00).* 4.18 Regional News for England (except London). 4.20 Play School. 4.45 We Are the Champions. 5.10 On Location.

5.40 News

5.55 Nationwide (London and South-East *only*)

6.20 Nationwide

6.55 Hobby Horse

7.20 The Rockford Files

8.10 *Who Pays The Ferryman?*

9.00 News

9.25 Great Britons

10.25 Play for Today. "The Elephants' Graveyard" by Peter McDougall

11.15 Play Golf

11.40 *Weather/Regional News*

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 6.55 Heddiw. 11.40 News and Weather for Wales.

Scotland—5.55 pm Reporting *Scotland. 11.40 News and Weather* for Scotland.

Northern Ireland—4.18 pm News. 5.55 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55 pm Look East *(Norwich); Look North* (Leeds, Manchester, Newcastle; Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University

11.00 Play School

4.55 pm Open University

7.00 News

7.05 Dilemmas

7.30 News

7.40 Schools Prom.

8.05 Best of Brass

8.10 Eight Pairs of Eyes

9.00 Sing Country

9.40 Our Mutual Friend

10.35 A Taste of Ireland

11.00 News

11.10 The Show

12.00 Closedown, *reading*

LONDON

9.30 am A Place in History. 9.55 Plain Sailing. 10.20 The Undersea Adventures of Captain Nemo. 10.25 Meet the Men from Uncle. 12.00 Issi Noho. 12.10 Rainbow. 12.30 Home-made for the Home. 1.00 News plus FT Index. 1.20 Help! 1.30 Young Ramsey. 2.25 Racing from Redcar (2.30, 3.00, 3.30, 4.00). 4.20 Breakers. 4.45 Extraordinary. 5.15 The Brady Bunch.

5.45 News

6.00 Thames at 6

6.35 Crossroads

7.00 Survival

7.30 Spearhead

8.30 Life Begins at Forty

9.00 Charlie and Julie

10.00 News at Ten

10.30 Decisions: British Communism

11.30 Lou Grant

12.25 Close: Xanthi Gardner reads from 'The Prophet' by Kahlil Gibran

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Animated Classic. 11.10 Space 1999. 1.25 pm Anglia News. 1.30 Police Surgeon. 2.00 Houseparty. 5.15 Horses in Our Blood. 6.00 About Anglia. 11.30 Music in Camera. 12.00 Witness to Yesterday. 12.30 am Our Concern.

ATV

10.20 am Apaches. 10.45 Will Hay—Master of Comedy. 11.55 Adventures of Parsley. 1.20 pm ATV Newsdesk. 1.30 How. 2.00 Electric Theatre Show. 5.15 Gambit. 6.00 ATV Today. 11.35 Police Surgeon: Star Witness. 12.05 Something Different.

BORDER

10.20 am Certain Women. 11.10 Classical Fairytales. 11.15 Animated Classics. †1.20 pm Border News. 1.30 Gambit. 2.00 Houseparty. 4.10 Cartoon. 5.15 Those Wonderful TV Times. 6.00 Lookaround Tuesday. 11.30 The Odd Couple. 12.00 Border News.

CHANNEL

1.18 pm Channel Lunchtime News. 5.15 Those Wonderful TV Times. 6.00 Report at Six. 10.28 Channel Late News and Weather. 10.35 What About the Workers? 12.00 Greig. 12.25 am Visages de France.

GRAMPIAN

9.25 am First Thing. 10.20 Cash and Company. 11.05 Diary of Civilisations. 1.20 pm Grampian News. 5.15 Those Wonderful TV Times. 6.00 Grampian Today. †6.10 The Electric Theatre Show. †7.00 Bonn Or. 11.30 Reflections. 11.35 Grampian Headlines.

GRANADA

10.20 am Tuesday Matinee. 11.50 Cartoon. 1.20 pm This is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Branded. 11.30 What About the Workers? 12.00 Police Surgeon.

HTV

10.20 am Child Life In Other Lands. 10.40 Wild, Wild World Of Animals. 11.15 The Mad Dog Gang Meets Rotten Fred and Ratsguts. 11.45 Flower Stories. 1.20 pm Report West. 1.25 Report Wales. 1.30 Gambit. 2.00 Houseparty. 6.00 Report West. 6.15 Report Wales. 6.30 Search and Rescue. 7.00 Challenge of the Sexes. 11.30 The Outsiders.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.30 Y Ci, Y Gath A'r Car. 4.30-4.45 Seren Wib. 6.00-6.15 Y Dydd. 10.30-11.00 Royal Welsh Show 1978. 11.00-11.30 World in Action. 11.30-12.00 The Cuckoo Waltz.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West. 6.15-6.30 Report West.

SCOTTISH

10.20 am Morning Mystery Movie. †1.25 News. 1.30 Gambit. 2.00 The Electric Theatre Show. 5.15 Cartoon. †6.00 Scotland Today. †6.30 What's Your Problem? 7.00 Oh No It's Selwyn Froggitt. 11.35 M'Lords, Ladies and Gentlemen. †12.35 pm Late Call.

SOUTHERN

10.20 am Three Guns for Texas. 1.20 pm Southern News. 1.30 Gambit. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 5.45 News. 6.00 Day by Day. 6.30 Survival. 7.00 Father, Dear Father. *11.30 Southern News-Extra.* 11.40 What About The Workers. 12.10 am Weather, Damascus Road.

TYNE TEES

9.25 am The Good Word. 10.20 The Purple Plain. 1.20 pm North East News and Look Around. 5.15 Tell Me Why. *6.00 Northern Life. 11.30 The Adventurer.* 12.00 Epilogue.

ULSTER

10.20 am Morning Movie: "Track of the Cat." 1.20 pm Lunchtime. 1.30 Gambit. 2.00 The Rolf Harris Show. 4.18 Ulster News. †5.15 Friends of Man. 6.00 Ulster News. 6.05 Crossroads. 6.30 *Reports.* 6.45 Taking Shape. 11.30 Bedtime.

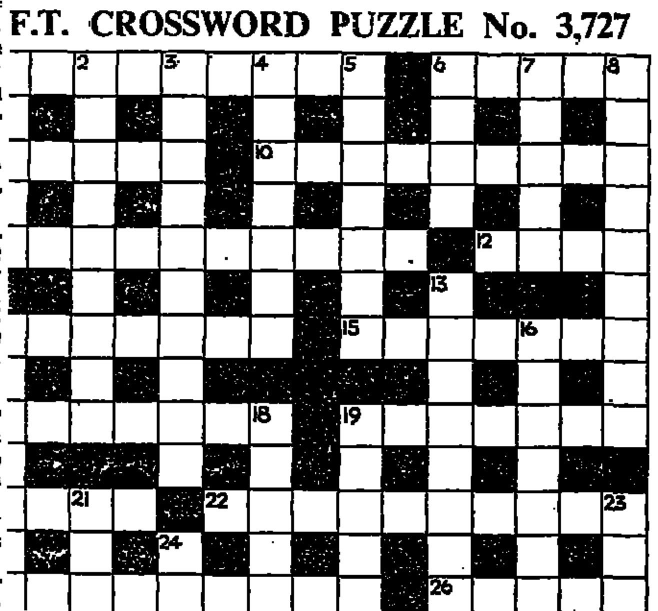
WESTWARD

10.20 am Crooks and Coronets. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News. 5.15 Those Wonderful TV Times. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 What About The Workers. 12.00 *Greig.* 12.25 am Faith For Life.

YORKSHIRE

10.20 am Power Without Glory. 11.10 Star Maidens. 11.35 England Their England. 1.20 pm Calendar News. 1.30 Young Ramsay. 5.15 Those Wonderful *TV Times.* 6.00 *Calendar.* 11.30 At The Embankment.

F.T. CROSSWORD PUZZLE No. 3,727



ACROSS

[1] French peas with duck served to us in Paris could be noxious (9)

[1]0 Fundamental note prescribed by doctor (5)

[1]1 Plenty for politician taking *drink outside* (5)

[1]2 Proof-reader incorrectly made note right at the end (9)

[1]3 Spoil drink with friend, but only just (10)

[1]5 Variety of hose or other footwear (4)

[1]7 Haggle about the price of straw and hesitate (7)

[1]9 Common head to have at teatime (7)

[2]0 Finishes work and goes to bed (7)

[2]2 Some French with very small lot (7)

[2]4 Condiment for a sailor ... (4)

[2]5 ... and two condiments for a sweet (10)

[2]7 The result of screening Lorna Doone's hero with fish (9)

[2]8 Excursion to the east could be rubbish (5)

[2]9 What about oriental cereal? (5)

[3]0 Without peer and without light (9)

DOWN

[1] Song of praise from Salvation Army novice in the afternoon (5)

[2] Bring in a book that's momentous (9)

[3] Finish in good condition but give too much knowledge (10)

4 Love to write melody out of doors (4-3)

5 Varnish case on account (7)

6 Neat receptacle for odd scraps (4)

7 Nick is not going to church (5)

8 Complain over door in woodwork (9)

13 Widen out straight part of river (10)

14 Irish town's ship's company may be needed to get into port (9)

16 Ancient and strictly formal object I have to follow (9)

18 What's in the chest turns me about (7)

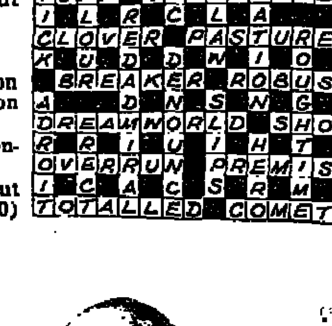
19 Money put down for sediment (7)

21 *Learner standing on rim of* ridge (5)

23 Hair used in mattresses (5)

24 Note where one may live (4)

SOLUTION TO PUZZLE No. 3,726



RADIO 1 247m

(S) Stereophonic broadcast

‡Medium Wave only

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Ed Stewart. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.00 Featured Interview. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 pm With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 Sports Desk—Racing from Goodwood: 2.55, 3.30. 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 *On The Third Bear* (S). 8.02 Gilbert and Sullivan (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three In A Row. 10.30 The Steptoe Saga. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 News.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture. 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Morley (S). 9.35 Mozart and Haydn (S). 10.35 In Short. 10.45 Second Broadcast (S). 11.00 Plainsong and the Rise of European Music (S). 12.20 pm BBC Welsh Symphony Orchestra, Part 1: Wagner, Liszt (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 BBC Welsh Symphony Orchestra, Part 2: Bruckner (S). 2.30 World Within—by Gordon Crosse (S). 3.40 Symphonies from the North (S). 4.40 Rameau (S). 5.15 Jazz Today (S). 5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound. †6.30 Lifelines: Work and Training. 7.30 The Art of Andre Navarra (S). 8.00 Politics and the Italian Intellectual. 8.30 Proms 78, Verdi: Macbeth, Acts 1 and 2 (S). 9.50 Watch Out For The Termites. 10.10 Proms 78, Verdi: Macbeth Acts 3 and 4 (S). 11.35-11.55 Tonight's Schubert Song (S). 11.45 News.

Radio 3 VHF only—6.00-7.00 am and 5.45-7.20 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News. 6.10 Farming Today. 6.30 Today including 7.00 and 8.00 News, 7.30 and 8.30 Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Sing a Song of . . . (S). 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Origins. 12.00 pm News. 12.02 You and Yours. 12.20 Desert Island Discs. 12.55 Weather. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour. 2.45 Listen With Mother. 3.00 News. 3.10 Questions to the Prime Minister. 3.35 A La Carte. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 6.00 News. 6.30 Many a Slip. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Wilfred Pickles. 8.15 The Road to Enlightenment. 8.30 A Most Peculiar Island. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. 12.20 Inshore Forecast.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 7.00 But Seriously, Though. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time. 1.05—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Keith Chalkley. 1.00 am Night Extra with Adrian King.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 Roger Scott (S). 7.00 *London Today* (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

London 1900 at the Heinz Gallery

by DR. ROY STRONG

I always wish that the Heinz Gallery at the RIBA was three or four times the size. Time and again this exquisitely designed little gallery just off Portman Square has surprised and delighted us, whether with the "discovery" of Thomas Robins's views of rococo gardens or with a serious evaluation of the *cemeteries evoked by the First* World War. Gavin Stamp's *London 1900* is a worthy successor, *stirring* the mind not only to new thoughts, but also to a fresh perception and understanding *of* the architecture of the metropolis which went up during those two decades before Edwardian civilisation vanished on the fields of Flanders.

How surprisingly recent it all is. *Some of* our grandest and most cherished landmarks were in fact built within human *memory: the Victoria Memorial,* Admiralty Arch, the Middlesex Guildhall, Westminster Cathedral, *the GLC Building.* They are so disparate in style that it almost comes as something of a shock *to realise* that they *all* went up within the same 20 year period. And this is where the exhibition *makes its most telling point,* that a purely stylistic approach to these buildings is perhaps *fallacious.*

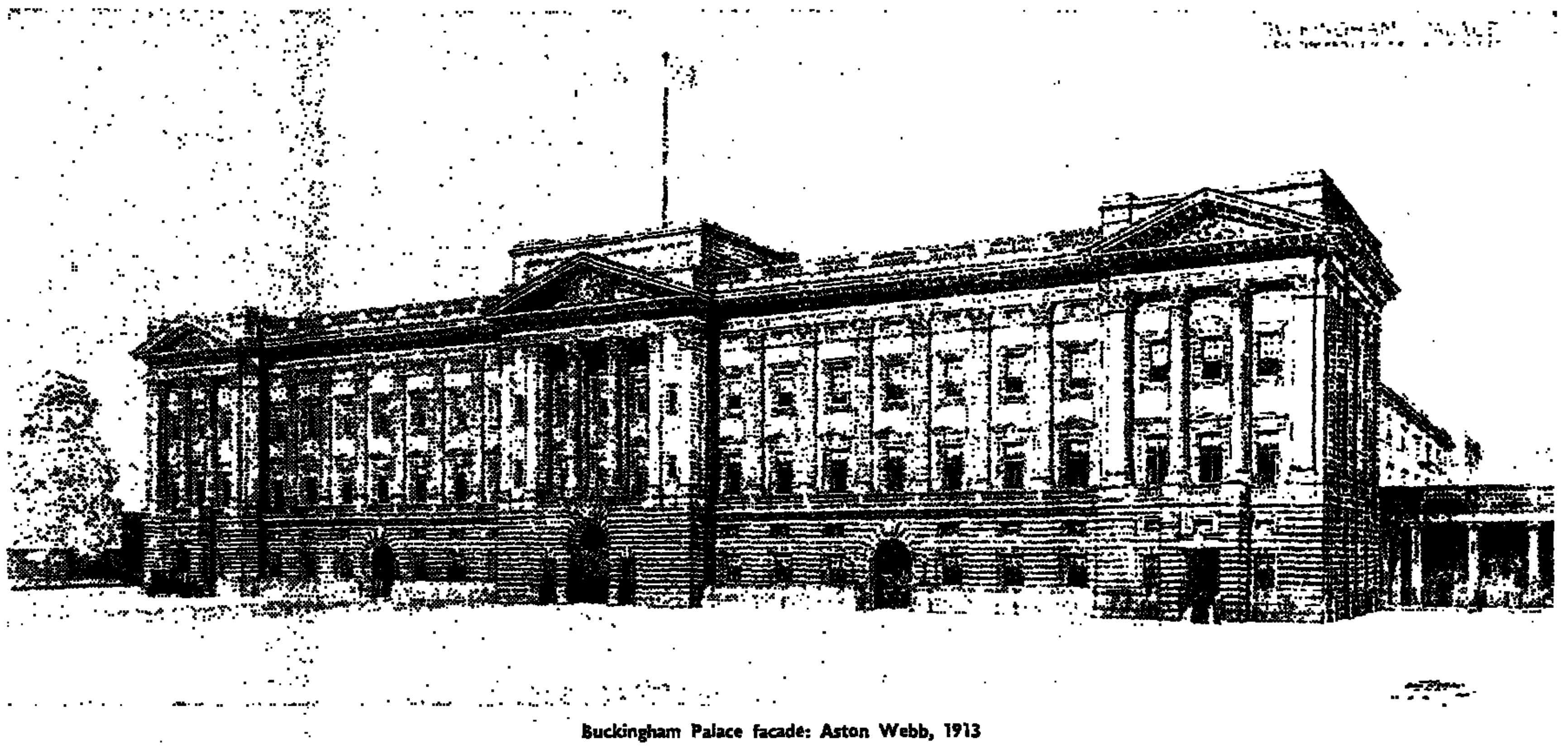
Instead the exhibition rightly takes a path which can best be categorised as iconographical. This, in its way, unites what at first glance seems to be an impossible melange of conflicting styles, a Babel of Gothic, Byzantine, Greek or Imperial Roman. Somehow, however, all *share in the lush optimism and* paternal dedication of the imperial idea as it reached its *apogee in the years after the* proclamation of Queen Victoria as Empress of India in 1877. *London* then was still *basically* made up of the City with its old narrow medieval street patterns. *Further* west there were the neat Georgian squares of the 18th century and further west still the bold elegance of Nash's Regency planning. The Victorian period on the whole had no central scheme for London and it developed piecemeal, its architecture responding and expressing its vast commercial expansion. Only during the 20 years preceding 1914 was there a return to a *deliberate* effort to plan on the grand scale. Visually London had nothing to compare with Paris, *Berlin* or *Munich* with their gigantic public buildings and grand avenues and approaches. *London, in contrast, was an even* larger city with 6.5m inhabitants by 1901, the focal point of world *trade and the governmental seat* of a global empire. Its pride of place demanded matching architectural panoply but, alas, there could never be a Baron Haussmann here to hack a way as he did through the maze of Murger's Paris to create the boulevards of the Second Empire. The imperial vision was there but, in typical *British fashion,* its fulfilment remained piecemeal.

What was its achievement? *The creation above all of spectacle* and drama in the form of processional ways, in new monumental public buildings, and *in* replanning to enhance the existing urban heritage. The LCC was then of recent formation and, although its architects were keenly socialist, it was they who were responsible for some of the great *coups de théatre.* There was the Aldwych, that mighty sweep at the foot of Holborn with its brilliant isolation of the two Wren churches of St. Mary le Strand and St. Clement Danes which close the vista from the Strand and herald the advent of the City. There is the aggressive imperial classic of the LCC building of 1908 which, with its reflection into the waters of the Thames, seems more in the spirit of Mussolini's Italy than *Edwardian socialism. Above all* there is the palace complex with Aston Webb's facade and *balcony, the Victoria Memorial* —focus of a piazza over which the giant golden figure of Fame presides, embracing every great cavalcade as it sweeps back to the palace.

This sense of drama is marvellous to contemplate. What would the Silver Jubilee have been like last year without this *wonderful decor.* How tragic but inevitable that this spirit of grandeur, optimism and pride *has been missing from every*thing since 1945. London is now a mighty sprawl with no motivat*ing idea and it is ideas which* stimulate and give life and vigour to styles in the arts. No more can an architect celebrate monarchial or imperial grandeur or even the comforts of aristo*cratic and middle-class life.* In almost every instance we have lived through an age of meanness of invention, cheapness of materials and poverty of ideas. Tradition has become a dirty word. Whatever could we *pro*duce for a comparable exhibition on London 1960 covering the two decades on either side? Public building is an expression of the ideals and aspirations of a society so that we have got what we deserve.

This exhibition teaches us to lift our eyes upwards and discount the rows of updated shopfronts. Up we go to look at the work of often quite minor architect such as W. S. Wortley whose Sicilian Avenue, Southampton Row, a curious mixture of renaissance French and botched neo-classical, still forms a delightful urban group. Up to look at Norman Shaw's Piccadilly hotel with its massive free standing colonnade. Up, above "Mates" and heaven alone knows what else, to stare at Belcher and Joass's Mappin House, Oxford Street, an architectural marriage of steel-framing and Pentelikon *marble.*

The exhibition makes us appreciate what we take for granted and *that is* always a good thing, to learn to really *look* at the great monuments that we pass everyday. It challenges us not to be dismissive of these buildings and *their revivalist styles.* That we are so is a reflection of our cult of the modernist movement which has distorted the history of the arts in this country for the past 40 years. Revivalism was not mere bastardisation or pastiche, it was often a conscious celebration of the rediscovery of the British architectural heritage of the age of Wren and Adam one which needed to be reinforced by new tributes with the tradition. The challenge that all this presents to contemporary architects is compelling. Let us hope that they will not only look and learn but act.



Buckingham Palace facade: Aston Webb, 1913

Katherine Pring and Leo Goeke

lyndebourne

The Rake's Progress

by ARTHUR JACOBS

The last opera to be added to s year's repertory at Glynde-urne is vigorously and delightly performed. Elegance and —qualities both of Stravin-'s score and of the libretto by H. Auden and Chester Kalln—shine out. A second visit y first was when *this* production was originally given three rs ago) confirms the aptness David Hockney's stage designs, h their black-and-white component suggesting a line engraving.

The cast is now almost, though t quite, perfection. I cannot sist the pleasure of recalling it in 1975 (on seeing him in w York as Mozart's Figaro) I iled Samuel Ramey as "a tural for Glyndebourne." Here, Nick Shadow, his powerful but *licately shaded baritone* is ned to a stage portrayal that ptures the satanic humour of the part. In matching his movements exactly to the music, he is as good as a dancer and better than some.

Leo Goeke, another American, has been Glyndebourne's choice *for the title-role throughout this* production. His performance as the weak-willed but charming Tom Rakewell is *now* the best I have ever seen *since* Alexander *Young's in earlier days.* A *new*comer this year, Katherine Pring, gets the full measure of comedy and pathos from the grotesque part of the bearded lady, Baba the Turk. She adds a convincingly funny "Turkish" accent, which interferes neither with musical quality nor with clarity of the words.

Felicity Lott, despite her vocal skill and her good looks, is not *quite an Anne on the others'* level. The character is rather palely drawn and the singing on Sunday night was uneven, the high C at the end of the first act popping out instead of growing from the preceding phrases. John Michael Flanagan gave good support as her father, Nuala Willis had a fair try as the brothel-keeper, and John Fryatt once again contributed his well-seasoned (and, in another sense, well-spiced) auctioneer.

All this was organised into a musical unity by Bernard Haitink's conducting and staged *with sharp comic skill by John* Cox. The arrival of Baba at Tom's lodging, to the ecstasy of the servants within as well as of the waiting crowd, is a high point. During the epilogue — addressed directly to the audience — Baba should appear without her beard. Why Mr. Cox ignores this instruction I did not know in 1975, and would still like to know.

All change in Budapest

by FRANK LIPSIUS

In the closing days of the eatre season, a well-kept secret as announced in a televised remony: the National Theatre Hungary would have new adership and a new staff after I years of Endre Marton's control. He had been head of the ie theatre for seven years, its nef director *for* 17 years before iat, and on its staff for a total 30 years.

In the attempt to make a nooth transition, Marton was quired to preside over a teleised announcement, together ith his successors and Government officials. It was considered humiliating exercise, for which ie television company later pologised.

The need for a change in the neatre, however, had long been ecognised. The National heatre, at one time even romised a new home, never got t, and instead had to make do vith a tired repertory in an ging theatre out of the way in residential area of central Budapest. Apparently, a *search* had long been underway for a iew leader but there were few akers: the National is *obliged* o put on classic Hungarian works. They tend to date from he middle of the nineteenth entury, when nationalism was issociated with happy peasants singing and dancing in national costume.

To accomplish its aim, the theatre took the unusual step of appointing a head from outside the pool of excellent *Budapest* directors—and outside the active theatre world altogether. They chose Peter Nagy, a professor *of* literature who emphasised the need for change by saying on television that he had not recently been to the National at all. In addition, two young directors, Gabor Szekely *and* Gabor Zsambeki were brought to the National from provincial *theatres where they had made* names for themselves. Each brings with him actors from his *own company, a move that in*flates the size of the National company and, some anticipate, *lays the seeds of future prob*lems.

The plays announced for next *season give evidence of the haste* of the decision, for Zsambeki will put on a successful production of his from a few years back, Arnold Wesker's *The Kitchen.* In addition, there will be *Julius Caesar,* Gorky's *The Lower Depths,* and Kafka's *The Trial* in Weiss's adaptation, among a repertoire that needs some filling out. Another young director from the provinces has taken over a theatre complex in *the Buda Castle.* This follows a long period when provincial directors made periodic visits to *Budapest—one of them earlier* this year caused riots in attempts to get tickets. It was a new pro*duction of a musical from the* early 1950s, *The State Department Store,* which without a word being changed, *mocked the* excesses that the original play thought it was so firmly expounding. Now the *provincial directors* have come to Budapest to stay

Even with the theatres closed, the crowded streets of Budapest offer a large variety of films, the most popular of which advertise familiar names like Belmondo and Bronson. It is a native joke with unfamiliar self-deprecation that cashiers warn customers when a Hungarian movie is on, lest there be a *flood of com*plaints (while tickets for one cinema I went to cost 8p a piece).

But interesting Hungarian films are easy to find and easy to get into. The one exception I found was a documentary made by Domokos Moldovan about a seer who is visited by the dead in a *northern* Hungarian village. Playing only in the afternoon in one Budapest movie house, it was constantly sold out and had attracted something of a cult following.

The film is but one of a large number of documentaries or semi-documentaries which use non-professional actors in only partially scripted films. The technique has been used for a variety of subjects, evoking scenes of humour, pathos and protest as well as the standard fare of documentary exposition.

Photography, directed by Pal Zolnay, has two young photographers travel the Hungarian countryside looking for likely subjects. They offer their work to peasants who are more happy to discuss their lives with the interested young men than they are to accept the photographs without being touched up to make them look better. The peasants' stories are true, including the one of the old woman whose husband killed their daughter. The film ends far from the countryside in an aerial view of Parliament in Budapest emphasising the *distance between their concerns* and its solutions.

In quite a different mood, Istvan Darday made *Holiday in Britain,* the story of the search for a young musician in the Hungarian provinces. He will be part of a band going to Britain for a month, and the desirability of the prize elicits scores of applicants, playing anything from home-made whistles to tubas. The winning applicant must also of course exhibit the proper social graces of good conduct and participation in Young Pioneer activities: youth leaders participate in the search, which eventually turns up a young guitar player in a *village rock group.*

He has all the requisite qualifications, but his peasant parents are not sure they want him to go. The film spends a good bit of time exploring their fears and prejudices, the influence of their neighbours and the attempt of officials to make them see the advantages to the boy of the opportunity. They fail, and the boy is forced to stay at home, while another little girl is quickly recruited to join the band playing its own send-off at the airport. The misguided effort to do something for the boy's own good combined with the original, artificial criteria for selecting him make a serious political point through humour — and amateur acting.

A blunter and more controversial political point is made in the documentary about the life of the Hungarian decathalon Olympic champion, Andras Balczo. A hero to most Hungarians, Balczo made *The Portrait of a Champion* with director Ferenc Kosa, who grew up in the same village as the athlete.

Wigmore Hall

Shirley-Quirk by RONALD CRICHTON

John Shirley-Quirk's recital on Sunday with Martin Isepp in the Wigmore Summer Festival had, as the singer himself pointed out, a Quixotic framework. He began with Britten's realisation of Pur*cell's "Let the dreadful engines* of eternal will" written for D'Urfey's *Comical History of Don Quixote.* He ended with two groups of verses by Paul Morand *for the Pabst Don Quixote film* with Shalyapin and George Robey.

Is it Quixotic to find a link between Schumann and Butter*worth who provided the meat in* the programme? Not entirely. Butterworth, killed young and *full of promise,* was an English representative of the line of romantic song-writers deriving *largely from Schumann.* Certainly there is a link between their respective poets, Heine and *Housman, both lyrical, concise,* intense, marvellous at placing words, both with flashes of searing irony.

The Purcell, virtually a solo cantata with contrasting moods, was fetchingly done. In Schumann one noticed stretches of excellent singing slightly marred by loud sustained notes that went thick, furry and rather hard—the voice is so malleable, so effective in this hall on what one might call musical conversation level that there seems to be no need to press. This didn't prevent much pleasure from the lapidary "Lieb' Liebchen" and "Anfangs wollt' ich fast Verzagen" as well as the more extended "Schöne Weige."

The Butterworth group from *A Shropshire Lad* made one, not for the first time, regret his disappearance. The songs are unequal, with patches of anonymous pastoral. But there are longer patches—the central section of "Bredon Hill," "O fair enough" and "With me my heart is laden"—where an obstinate determination to be his uncomfortable self pokes through. Without losing the essence of the poems Butter*worth firmly pushes his horizon* beyond Shropshire.

Just for once, it was worth hearing Ibert's as well as Ravel's *Don Quichotte* songs—there was a muddle: both composers were invited to write for the film, Ravel withdrew but published three songs separately. But this is a once-off idea: Ibert's are better than most songs for films but only the last of the four has any life now. Ravel's, using the same Spanish idiom with incomparably more point, seemed to grow better and better. Mr. Shirley-Quirk, whose French *is* fluent, did them admirably, particularly the moving "Chanson épique" which is the finest of the three.

Open Air, Regent's Park

Exit Burbage by MICHAEL COVENEY

The sun shone brightly yesterday lunchtime on Peter Whitbread's easy-going anecdotage about Shakespeare's chief player and his association with the Chamberlain's Men and, when James succeeded to the throne, the King's Men. Mr. Whitbread uses the collaboration of player and playwright to reel off, in reasonably sound shape, several of the famous speeches that Burbage first uttered. We have bits of Oberon, Mercutio, Richard III, Falstaff (*in Merry Wives*) and, of course, Hamlet. But uttering them we have only Mr. Whitbread, a solid and reliable actor. Not a hint of the extraordinary realistic acting that Hamlet demanded from the travelling players.

A contrast is drawn between the bombast of Ned Alleyn in *Tamburlaine* over at the rival Rose Theatre and Burbage's supposedly more liquid interpretation of Richard Crookback. But, given the straightforward quality of Mr. Whitbread's personality, his success is the greater with Marlowe, and his ironic point about the rival companies entirely lost.

The speeches are linked by some excrutiating mock-Elizabethan *parlando* and direct *quotation from the contemporary* commentaries of Stubbs, Manningham and Flecknoe. It is all neatly and competently done, without ever once casting a truly revelatory light on either protagonist. The occasional glancing detail is welcome, such as the news that Shakespeare left Burbage 28s 6d in his will to buy a ring of gold for old time's sake, and the familiar story of how they used the wooden planks of the Shoreditch house to assemble the Globe in 1598.

Apart from that, Mr. Whitbread reveals himself to be a clever quick-change artist, summoning with a few blobs of make-up and the application of padded costume and wig the ludicrously affronted vision of Falstaff on recovering from his escapade in the laundry basket.

Arts news in brief

London Festival Ballet will return direct from its seasons in New York and Washington to open at the Royal Festival Hall in London on August 21. In a season sponsored by Imperial Tobacco the company will present *a programme of popular* works.

From August 21-September 2 it will present Beryl Grey's production of *Swan Lake* with a *chance to see several different* casts during the two weeks. Patricia Ruanne, Elisabetta Terabust, Eva *Evdokimova, Manola* Asensio, Liliana Belfiore, and Carole Hill are the Odette/Odiles, partnered by Peter Schaufuss, Patrice Bart, Attilio Labis, Jonathan Kelly and Nicholas Johnson respectively as Siegfried.

On Monday September 4 for a week there will be a mixed bill comprising Glen Tetley's *Greening* together with the three divertissements, *Flower Festival at Genzano, Three Preludes,* and the Tchaikovsky *Pas de Deux.* The programme will end with Balanchine's *Bourrée Fantasque.*

*

Lazzlo J. Bonis, president of the Opera Company of Boston has announced that Thomson Smillie, at present director of public relations for Scottish *Opera* and *artistic director* of Wexford Festival, will become manager of the Opera Company of Boston with effect from August 15 next.

Mr. Smillie has been involved with Scottish Opera since the *beginnings of the company* in 1962 and has worked full-time with Scottish Opera since 1966. Since 1973 he has been artistic director of the Wexford Festival.

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Business in Parliament

:IVEN ITS limited terms of 'eference, the CBI's working 'arty on parliamentary candi- 'ates from trade and industry ,as produced a notably compre- ,ensive report. The terms of .eference were, briefly, these: ,to consider what guidance, if 'ny, the CBI should give to member companies on the ques- ,on of release of employees to 'nable them to become Mem- 'ers of the House of Commons." ,nd the background to the re- ,ort was an "increasing disquiet 'mong businessmen about the 'carcity of first-hand experience 'f their problems existing 'mong Ministers and back-bench 'Ps."

)eterrents

In other words, there are ,ot enough current or former 'epresentatives of trade and in- ,ustry in the House, especially , compared to those from other ,ccupations or professions, ,hether journalism, the law, 'niversity teaching of whatever. 'here is also an unspoken 'ssumption that the number of 'Ps from the other side of in- 'ustry—though that term is not 'sed—may be out of balance. 'here were, for example, 128 'ade union-sponsored Members ,-one fifth of the total—in the 'arliament elected in October '974.

The trouble is, however, that ' is possible to accept the 'nalysis of lack of balance with- 'ut accepting the narrow terms ' the CBI's report. For there 'ppears to be no particular 'vidence that representatives of 'ade and industry are deterred 'om seeking to enter Parlia- 'ent by the attitude of their 'nployers. On the contrary, a 'umber of companies have gone 'ut of their way to show some 'dulgence towards those of 'eir employees with political 'pirations. It follows from that 'at the main deterrents to 'ose from trade and industry 'ho might wish to become MPs 'ust lie elsewhere.

The report is right to point 'ut that one of these deterrents ' the low level of MPs' pay. 'We would like to place on re- 'rd," it says, "our unanimous 'ew that the level of remuner- 'ion is unlikely to attract many ' the potential candidates who 'uld make a valuable contribu- tion to Parliament." But the deterrent clearly goes beyond that: it is not only the lack of pay that matters, it is also the lack of facilities. Under the present Parliamentary system there is every likelihood that someone from industry entering Parliament will after a comparatively short period be less well informed than they were outside.

There are also subsidiary questions such as that many people in trade and industry may not be ready to accept the rigidities of the present party system. Very often, in fact, industry nowadays inclines neither to the Tory nor to the Labour Party. Instead it wants a system of government that appreciates the need for continuity, and it is very difficult to see how that can come out of adversary politics, especially as practised in the House of Commons. On top of that, there is the whole question of power and influence. It is not immediately clear that either of those attributes are to be found more on the back benches of the House, or even among junior Ministers, than say on the board of a big company, the TUC or the CBI. Indeed the growth of the CBI itself is one example of the way power has shifted.

Obstacle

There is the further point that the absence of experience of industry is apparent not only in Westminster, but also in Whitehall. No doubt because of its limited terms of reference, the report mentions this only in passing. But it is surely part of the same problem: there is not enough interchange between government, Parliament, the civil service and industry. Some of the explanation for that probably lies in our social and educational systems. Not much can be done about that merely by encouraging employers to make it marginally easier for some of their staff to stand for the House of Commons. There is no reason to believe that such tinkering, however desirable in itself, would contribute much to the reform of the House. And it is the House of Commons, alas, which has become the major obstacle to constitutional and political change.

The new Lomé Convention

' IS already clear that 'gotiations to renew the Lomé 'onvention between the nine 'EC countries and 54 develop- 'g nations are going to be long 'd difficult. Yesterday's 'augural session of the talks ' Brussels was a formal affair, 'nited to general opening 'atements. Brass tacks negotia- 'ons are not due to start until ' autumn. But the two sides' 'itial statements have con- 'med major differences in 'proach that are bound to 'ake the more detailed sessions 'duous and potentially divisive.

'ymbolic

The Nine are approaching the 'ks on the assumption that the 'w convention (Lomé II) 'ould broadly speaking be an 'proved version of the current 'eaty (Lomé I) signed in the 'golese capital in February '75. For the Community's 'veloping partners, the 'gotiations are a chance to 'cure a radically improved 'lationship with the EEC, 'ing far beyond the provisions ' Lomé I. If indeed, as is 'ely, the new agreement is 'med somewhere in the Carib- 'an, it will not even be known 'y longer as the Lomé Conven- 'n—a matter of major 'mbolic importance to the 'veloping countries.

The developing countries' 'itude is a little galling to ' Community, which has 'nstantly proclaimed the sig- 'ficance of Lomé I as a break- 'rough in relations between 'dustrialised and developing 'tions and an example that 'uld be followed in the wider 'orth-South dialogue. It is 'ite true that the convention 'empts a much more compre- 'nsive solution to the prob- 'ns of developing countries 'an any that has been tried 'ewhere. Some of its provi- 'ons, most notably the Stabex 'heme to offset falls in income 'om raw materials exports, 'eak totally new ground.

None of this, however, has 'evented the Convention from 'ming in for a barrage of 'ticism, both from Western 'velopment experts and from ' developing countries them- 'ves, which has intensified as ' time for its renewal has 'proached. Lomé I has been described as a neo-colonialist arrangement designed to keep the Community's hands on raw material supplies, and markets for its exports, without allowing the developing countries to build up industries that would compete with those in Europe. The African, Caribbean and Pacific members of the Convention (the ACP) complain that they do not have enough say in the way aid is allocated, and even the much-trumpeted Stabex arrangement has been attacked as inadequate.

These criticisms were reflected in the demands put by the ACP countries yesterday. Their requests include a major extension of Stabex, the same access to Community markets as that enjoyed by full EEC members, special aid for industrial development and joint management of the Convention's financial resources. At the same time, they rejected outright two new ideas that have emanated from the Community—an Anglo-Dutch suggestion that human rights provisions be incorporated in the new agreement and a proposal that the ACP countries grant special safeguards to investments by EEC companies.

Uncertainties

It looks unlikely that the UK and the Netherlands will get very far with their human rights proposal, which the ACP countries regard as compromising their sovereign rights, if only because the Nine are not themselves agreed on it. A reference to the United Nations Charter in the preamble to the new Convention may be all that ultimately emerges. All of the Nine, however, will be pressing hard for investment guarantees, particularly for the extraction of minerals, which has been severely handicapped in recent years by political uncertainties.

The opportunity will be there in the coming months for the Community to demonstrate that it remains in the forefront of efforts to promote world development. For both economic and political reasons, the Nine need friends in the developing world. One does not have to accept all the points made by the ACP countries to see that the current Lomé arrangements are capable of improvement.

The dilemma of Saudi Arabia's dependence on immigrant labour

BY OUR FOREIGN STAFF

LAST MONTH a visitor to Jeddah's $30m new prefabricated air terminal had to pick his way through hundreds of shabbily dressed Afghans camping disconsolately among the scorched trees and construction debris. Day labourers mostly, without papers or permits, indeed the lowliest human element behind Saudi Arabia's much vaunted construction boom, they dozed all day in the makeshift shelter of blankets and tin trunks.

Returning early this month he would have found the makeshift camp dismantled and the tent dwellers spirited away to join thousands of other illegal immigrants from every nation in the Moslem world in the half-completed Hajj (pilgrimage) terminal. In this vast and decayed building they sprawl abjectly in national groups, waiting out of sight for the aircraft that will take them home.

Saudi Arabia, the material and spiritual beacon of Moslem poor the world over, has decided it no longer has a place for them. A two-month amnesty for illegal residents to rectify their status expired on June 30. All foreigners without Saudi sponsors must now leave the country or face deportation.

The upheaval is causing serious disruption for many companies, part of whose labour force has melted away—often against the deadline for important construction contracts. While labourers are those most seriously affected, executives and skilled labourers from European countries (there are about 15,000 Britons working officially in Saudi Arabia) are also affected, since many of them have come in with visitors' visas and have stayed on, never obtaining residents' permits.

The vast majority of the Kingdom's Moslem labour force are pilgrims or hajjis, for whom the opportunity to work in Saudi Arabia weighs at least as heavily in planning the journey as the rites in Mecca and the Plain of Arafat. The Hajj completed, they are rapidly absorbed into the national groups scattered around Jeddah and, to a lesser extent, other Saudi cities. Others come on the "Umrah" visa to perform the pilgrimage out of season. Some of the Indians and Pakistanis may get clerking jobs, but the majority join the pool of casual labour readily exploited by margin-shaving contractors. Hence, they have no sponsors.

Saudi Arabia's success in regulating its labour market will therefore depend very largely on success in supervising the Pilgrimage. Pilgrim guides have been made personally responsible for the delivery of their charges back to the point of entry. To aid these venerable figures, pilgrim passports will be impounded on entry and now all Saudis and foreigners must carry papers so that spot checks can be carried out.

The Interior Ministry has unveiled its plans for a comprehensive search operation. Local Governors in the Hajj areas together with Interior Ministry personal will cast a cordon sanitaire around these areas; checkpoints will be set up in bazaars and on the highways, while all Ministries and government departments will be made responsible for carrying out pass inspections, the Health Ministry at hospitals, the Commerce Ministry in shops and hotels and so on. Severe penalties are prescribed for those who employ, shelter or transport illegal aliens.

Ambitious plans

Without a large foreign labour force, a Saudi population, which is certainly no greater than 4m, cannot achieve its ambitious plans to create an industrial state not wholly dependent on oil revenue. In the second five year development plan, launched in 1975, it was calculated that additional foreign manpower of nearly half a million would be needed to supplement a total of some 300,000 existing foreign workers.

No account was taken of workers from the two Yemens, conservatively estimated at around 1m. These, however, enjoy a special status, since North Yemen is the only country to receive direct economic support on a permanent basis and most of the approximately 300,000 workers from South Yemen travel on North Yemeni passports. North Yemenis alone remitted well over $1bn last year.

Figures for the number of other foreign workers in the country vary widely. Egypt provides the largest group, believed to number upwards of 110,000, which sends home a sizeable chunk of the $1.6bn in foreign remittances that Cairo is expecting this year. This is followed by Pakistanis and Indians (put at 50,000 and 30,000), Somalis, Sudanese, Afghans, Eritreans and all manner of west and central Africans.

There are many reasons for the clampdown, which is the latest and most serious of many checks that have been carried out in recent years to remind foreigners enjoying the Saudi economic boom that they are in the country on their hosts' terms. There is an underlying fear that at least some of the foreign workers form a potential fifth column for political subversion or simply the spread of political ideas alien to the Saudi monarchical system.

Saudis have always been concerned about the large number of Yemenis in the Kingdom, since they are often politically sophisticated urban dwellers. Their fears have naturally been increased by the recent further shift towards the Soviet Union in South Yemen following the shooting of the South Yemeni president Salem Rubai Ali at the end of last month. Palestinians are also regarded with caution.

Saudis are uneasily aware that foreign workers probably outnumber the Saudi workforce, which certainly does not exceed 1.5m. and is probably less. In the last few months it has clearly emerged that the establishment feels that foreign labour, male and female, is placing an unnecessary strain on the social and moral fabric of the state and, inevitably, in the heart of Islam, on Islam itself. Diplomats argue that though the establishment may not yet know in what direction it wants Saudi society to develop, it has at least made up its mind about what it does not want: ragged Afghans thronging the streets, African prostitutes in the Bab Sherif district of Jeddah, Moslems drunk in public on liquor originating in western compounds and a general upsurge in crime. Saudis in Jeddah self-righteously point out that they now lock their cars.

The first indication of the kingdom's stricter attitude to its foreign manpower came in January with an announcement by the Interior Ministry that only highly skilled expatriates would be permitted to bring their families with them to the Kingdom. In March the Public Security (police) was rounding up foreign women without residence permits in Bab Sherif. On April 17, the Ministry issued another statement announcing the two-month amnesty. Illegal aliens were to apply to special visa offices in 13 Saudi towns, where if they could produce a Saudi sponsor, they would be granted residence.

Internal security

After a rash of threatening notices, the Minister himself, Prince Naif, the younger brother of Crown Prince Fahd, made a public statement. The Kingdom faced a serious labour shortage, he said, but the requirements of internal security must come first. Any Saudi found harbouring unsponsored foreigners faced jail and a fine of £1,500 per worker.

The attitude of employers changed. In Jeddah, an almost daily Ministry reminder together with ostentatious street manoeuvres by the green-clad Public Security persuaded most expatriate managers to send in their companies' unsponsored employees. Most returned with a permit, though their families were often not so lucky. A deputy minister said recently that more than 100,000 had successfully made themselves legal.

Companies, some of whose workers have had to leave the country, are having difficulty registering them to come back, and this is slowing down work on some construction contracts, which do not of course provide for such eventualities. So far it is difficult to assess the scale of the problem, though it is probable that the law is enforced with less leniency the further one goes from the main centres of Jeddah, Riyadh and Dammam.

In such crucial areas as vocational training, the Saudi distaste for manual labour has led to extremely low enrolment. Some Government officials have expressed doubt that Saudi nationals will ever fill the 30,000 jobs in heavy industry projected in the present planning phase.

Even in such traditionally attractive areas as the armed forces, Saudi Arabia is facing serious manning problems. A fleet of 19 warships is on order in the U.S., but last year according to U.S. sources, the Ministry of Defence found itself unable to fill even half the quota of 200 Saudi places requested from the Great Lakes naval training college. Doubts are also being aired whether the air force will have the manpower to provide ground support staff for F-15 jet fighter programme, to be based in Dhahran.

Of course, half of the potential Saudi workforce makes no effective contribution: only 1 per cent of women are working, according to recent non-Saudi estimates. Naturally enough, expatriate wives and daughters find themselves filling the gap. Foreign wives of Arab employees, for example, provide vital bilingual secretarial skills. But on May 9, Prince Naif sent a memorandum to his colleague at the Labour Ministry, ordering him to make inspections of companies which he had reason to believe "are employing females in positions not in keeping with their modesty and where they are permitted to mix socially in a manner repugnant to our religious and social traditions." Foreign women, who are not granted work permits except at the main oil company Aramco and in medicine, education and women's welfare, where Saudi women may also work, were to be deported and their employers prosecuted. Although many large companies like Lockheed and Citibank immediately gave their women employees leave, the storm blew over rapidly and in Jeddah, at least, there appears to have been only one inspection raid.

The Saudi Government has found that one of the most satisfactory solutions to the problem of how to import labour without causing social disruption is to rely on certain types of foreign labour such as South Koreans, Filipinos and Thais. Not only are such workers extremely diligent, with astonishingly high rates of productivity and, among the Koreans, military-style discipline, but they show little inclination to mix with other people and prefer to stay in their camps, which are often at isolated spots deep in the country. This preference for Far Eastern labour has been reflected in the awarding of major contracts.

Westerners, a privileged group, already pay for Saudi acquiescence in their customs in the high walls that separate all but a fraction of them from Saudi life, and the recent ruthless attitude taken toward some Britons caught making and selling alcohol shows that they too are at present being regarded less tolerantly.

Greater government control control over foreign labour is expected to follow an announcement last month that the Kingdom will be opening recruitment offices abroad. Hitherto Saudi recruitment drives have been aimed at single projects, as for example Planning Minister Sheikh Hisham Nazer's visit to Seoul in April to discuss Korean manpower for the construction of the industrial complex at Jubail.

The success of these measures will depend very largely on the cooperation of the private sector and on successful supervision of the Pilgrimage. Few observers are sanguine about either, but even if only partially successful, the great days of the Saudi labour free-for-all seem to have passed.

Terry Kirk

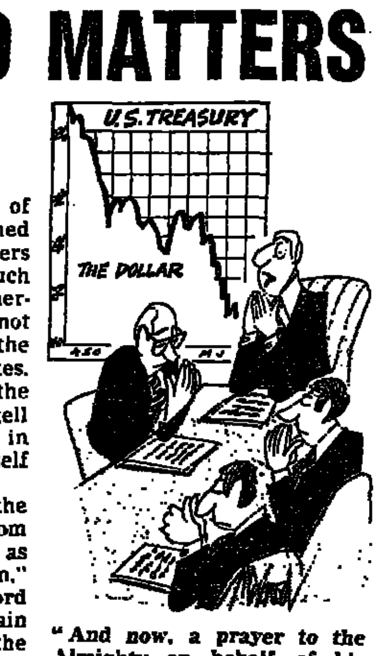
Immigrant Moslem workers pouring concrete at a construction site.

MEN AND MATTERS

What Churchill told an artist

The most intriguing group of manuscripts being auctioned today by Sotheby's is 24 letters by someone still very much alive—the artist Graham Sutherland. It is unusual, but not unknown, to offer for sale the manuscripts of extant celebrites. The copyright still resides in the writer, although Sotheby's tell me that they have not been in touch with Sutherland himself to gauge his feelings.

The estimate of what the letters will fetch ranges from £2,000 to £3,000. Described as "the property of a gentleman," they were written to Lord Beaverbrook and their main interest lies in comments on the ill-fated portrait of Winston Churchill. Sutherland tells of his struggles to capture the great man's essential nature. He also refers to Churchill's repeated remarks while sitting that his colleagues in the government "wanted him out." Then Churchill would say: "But I'm like a rock."



"And now, a prayer to the Almighty on behalf of his namesake."

Eastern promise

In Peking, talks have begun about a friendship treaty between China and Japan. With the Gang of Four out of action, the Chinese leadership is even thinking of raising private loans in Tokyo. These are more straws in the wind that are sending old Chinese bonds sky-high in London. For years, there seemed not the faintest hope that loans made at the turn of the century would ever be repaid: even now, only optimists think they really will. But the interest of collectors is combining with the attention of speculators. Some smaller issues have doubled and tripled in value lately, to stand at 45 per cent of face value.

"There is tremendous interest," says Robin Hendy, a stockbroker who acts as consultant on bonds to Stanley Gibbons. "The day is past when such pieces of paper could only be thrown on the fire." Banks on the Continent are actively buying "busted bonds" from China and elsewhere as museum pieces, while the Council of the Corporation of Foreign Bondholders puts out an annual report on the more matter-of-fact aspect of redemption chances.

One of Britain's keenest collectors of old bonds is Commander Donald Ross, who lives in the City and is clerk to a livery company. He thinks Chinese bonds worth having for their exotic appearance and historical interest alone, but also points to the possibility that the U.S. and China will exchange frozen assets.

Someone else who watches such hints of change hopefully is Alan Morriss, an airline pilot living in Nutley, Sussex. His family owned the North China Daily News in Shanghai until the revolution. Impressive pieces of paper list the property the family once owned and rents that were collected after the paper was shut. Morriss complains that the Foreign and Commonwealth Office trails well behind the State Department in chasing such matters, but thinks all will come right in the end. "Honour is important to the Chinese," he says.

BL's landlords

As Michael Edwardes negotiates details of the lease for a new BL headquarters in Hammersmith, the Kuwaiti Investment Office can take pleasure at the idea of having another British symbol as a tenant. St. Martin's House, which BL will rent for £700,000 a year, is owned by the property company of that name; it also owns Tintagel House, the home of Scotland Yard. The Kuwaitis bought the St. Martin's company in 1974: their prestige block in Hammersmith now has two floors occupied by a Japanese shipping company, from which BL will recoup nearly £130,000 a year. After filling seven floors with his 300 head office staff, Edwardes will be looking for tenants for the remaining two.

Press gang

An intriguing window on how at least some politicians and civil servants view journalists is provided by—of all things—Pakistan's newly issued White Paper on the alleged wrongdoings of its fallen prime minister, Zulfiqar Bhutto.

In May, 1976 special secretary Rao Khan sent a long memorandum to Bhutto on how to run the elections. It ended, "A team of reliable, intelligent and resourceful Information Officers will have to be selected who will conduct foreign correspondents and TV teams. Foreign correspondents can prove to be very slippery customers, it would not be easy to lead them on to the garden path unless those conducting them can match them in intelligence, wit and resourcefulness." Bhutto wrote firmly in the margin, "Forget the foreign correspondents. We will NOT invite them."

This does not, in my view, prove that Bhutto was guilty at that moment of anything, except being frank about how most people in authority feel towards the press.

Girl guidance

Feminine intuition among the House of Commons secretaries must be a fair pointer to the immediacy of a General Election. In the latest issue of the House Magazine, the parliamentary news sheet, is a message from Caroline Cawston, chairman of the Secretaries' and Assistants' Council. It reads: "Dissolution arrangements—if anyone has any queries about what happens here on the announcement of an election, please contact the member of the SAAC executive starred on the list below. . . . We are at present in touch with the Serjeant at Arms office to discuss these arrangements."

Strong brew

We wonder if Brooke Bond Liebig is fully aware of the reasons why its latest Australian acquisition, Bushell Investments, keeps its market leadership Down Under. Its famous tea, also called Bushells, not only makes the unique "billy tea," more a stew than a liquid, which has preservative qualities well known to drovers and bush whackers.

It also has several other uses. Australian DIY mechanics are said to use it for stripping rust from car engines, their wives use it to dye stockings, and the best maidenhair ferns will grow on nothing else.

Observer

SOCIETY TODAY

The thriving of private health care

THIS LABOUR Government, which has stimulated the creation of more private schools than any modern Tory would dare to dream of, may also be remembered as the Government that brought about the existence of a thriving, growing, private sector in health care.

Add the quiet burial of the Community Land Act and one could have the beginnings of a most interesting case of "it is no longer a joke, this really is the most conservative government we could get." But of course it is a joke, and a sour one at that, because Labour's private schools and private medicine are the unintended results of not thinking its policies through with the necessary care.

Most people will remember the case of the schools. Labour withdrew government support from those formerly classified as "direct grant" schools, because they could not be fitted into the comprehensive mould, and the result was that more than two-thirds of them—that is well over 100 schools—turned themselves into independents. My colleague Michael Dixon says this is the largest number of fee-paying schools created in one go since the Reformation.

In this particular instance Labour's mistake was to act too hastily. Fee-paying education could be undermined by any government that decided to ensure that state education was so attractive and produced such good results that no parent in his right mind would waste money on a private school. This would be the only way to do it in a society that would not tolerate the outright and sudden abolition of private schools.

The withdrawal of support from the direct grant schools, on the other hand, simply allowed the Labour Government to claim that it had done something about educational privilege. That was true only to the extent that it had increased it.

A new report on private health care published yesterday by the Policy Studies Institute* indicates that the same thing may be happening in health. The report has been prepared by Mr. Michael Lee, of Lee Donaldson Associates, a man who over several years has become recognised as an authority on the state of private health insurance.

Turmoil

"From the trends since 1974," says Mr. Lee, "it is . . . now reasonable to forecast the emergence of an independent *private health service*." He spells this out: "It may well be that the turmoil of the past few years over private practice in NHS hospitals, the use of common waiting lists, and the vulnerability of private care, if retained in NHS institutions, to further similar disputes, now favours the acceptance of a separate independent health service by patients who may wish to opt out of the NHS."

He provides the figures to tell *the story*. Before May 1977, when the phasing-out of pay beds from NHS hospitals began in earnest, 4,444 private beds were permitted. A thousand of these "authorisations" for pay beds were withdrawn that month, leaving 3,444 to be withdrawn according to a programme to be produced by the new Health Services Board. By January of this year it had liquidated 356 of the remaining beds.

In the private sector, meanwhile, the number of beds in registered nursing homes rose by 2,500 between 1974 and 1976. Most of these are small, caring mainly for *the elderly*. But the growth elsewhere has been almost directly complementary to the run-down in the NHS.

For example, the Nuffield Nursing Homes Trust—set up as a *precaution* by BUPA *in* 1957—had some 15 nursing homes, offering 473 beds, by the end of 1969. By 1976 the corresponding figures were 26 nursing homes and 831 beds. Reducing the average length of stay of patients enabled the Trust sharply to increase the number treated from some 16,000 in 1970 to more than 35,000 in 1976.

In addition to Mr. Lee's information, there is the growth in private hospitals for the treatment of wealthy overseas patients.

In short, the same thing that has happened in education seems to be happening in health. An attack on privilege may be leading to an expansion of privilege. Yet the analogy should not be taken too far. Labour's failure on schools is due to wilful ignorance of the demand for better quality education by every kind of parent. The health story is rather more complicated. The NHS provides a basic standard of care that is usually perfectly sufficient. Any improvement designed to drive out the 2 per cent that constitutes private practice in hospitals and nursing homes might be far too expensive to be worthwhile.

This can be seen in Mr. Lee's tables showing how individual subscribers to health insurance schemes like BUPA have begun to drift away, while company subscribers, taking insurance on behalf of employees, have increased. Since 1972 the number of "group scheme" *(company) subscribers* has grown by 100,000 to 800,000, while the number of individuals paying health insurance has fallen by 71,000 to just over 250,000.

Thus the primary function *of private health care for* native Britons is made clear. It is to enable one-off treatments to be carried out at a time suitable to the needs of a particular job. The NHS does not do this: it looks at *the degree of illness, and the* needs of the family and the home. Employment-related timing ("queue-jumping" to some) can only be provided through the private schemes.

Waiting

As Mr. Lee puts it: "The private patient pays to avoid waiting; the NHS patient waits to avoid paying." Of course nearly all private patients use the NHS for most of their medical needs. They only "go private" when one treatment is needed at a time that suits their employer and themselves. This is the essence of the 2 per cent of total spending on health care that constitutes the private sector. The Government could try to abolish it (it is anyway trying to ration it by administrative means), but if it shrank from that and tried to make it wither away it would have to pay far too much in tax money to build up the NHS to a state where it could compete.

* * *

A RARE combination of State and private enterprise starts today when "Motability" is due to deliver its first cars to disabled drivers. A charity chaired by Lord Goodman, its emergence was encouraged by *the Secretary of State for Social* Services, Mr. David Ennals, whose department has been working closely with the new group.

It deserves watching, and not only because its list of patrons *starts with Mr. Callaghan and* Mrs. Thatcher, and the governors and other members constitute a fair cross-section of the business elite, plus Mr. Len Murray, general secretary of the TUC. It is also because "Motability" *is a laboratory* example of the hard-nosed approach to social assistance. It is carefully constructed to balance organisations representing the disabled, as well as bankers, professionals and leading figures in commerce and *industry. It is prudently* financed and not afraid of means tests. The beneficiaries are expected to pay something towards the cost of running the cars they receive.

The new £10 a week mobility allowance on which it is based is taxable, so it is to be regretted that Mr. Ennals claims that the gross amount of £65m a year going to 80,000 beneficiaries is money which the Government "is putting into the hands of disabled people to spend as they wish."

It is true that with the £10 the recipients will now have the option of taking a three or four year lease on a car of their choice as arranged by Motability. If the car is more expensive than a Mini they will have to top up with an advance cash payment from their own resources (£355 for an Escort Popular; £694 for a Sunbeam *1.3 LS automatic*) and if the car needs special adaptation they must pay for that too. Then there is £65 a year for insurance.

Those who like the sound of the self-help involved had better suspend judgment until the scheme proves itself. The scheme is a response to the winding-down of the Government's programme for providing the familiar invalid trikes at a cost especially attuned to the needs of the patient. Therein lies the first potential weakness. Under the previous scheme, the very worst-off could have trikes, although those vehicles did not provide for passengers. The Motability scheme requires participants to pledge the new £10 a week mobility allowance (which will be indexed) to a special finance company. This may not take care of the very worst-off. Motability Finance Limited was set up by the London and Scottish Clearing Banks. The rate of interest charged will be kept low because corporation tax relief on their leasing business will be passed on by the banks.

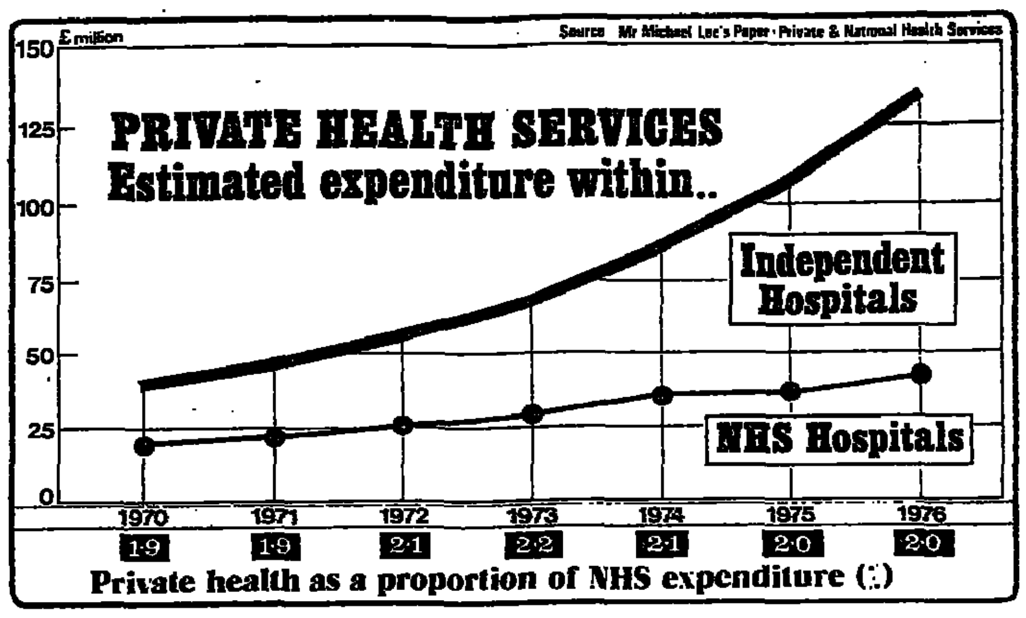
There is a plan to provide special help for the neediest cases. These are apparently to be subjected to a test of both their disability and their financial means. The "hard-nosed" *school would say that that is* right: others that the very poorest or most disabled may be left out.

The people behind Motability do seem to be aware of this danger. Up to a point their scheme appears soundly financed. After that, when a not so well-off disabled person needs a car with, say, automatic gear change or all-hand control the only possible answers are (a) government grants or (b) private charity.

It looks very much as if the Government believes that it has done all it can now that the Finance Bill has been amended to exempt people receiving the mobility allowance from vehicle excise duty. Motability will thus be asking for donations, and it is presumably ready to take its place among the other charities. A year or so from now it should be *possible to tell whether such a* scheme really can work or whether it is either too hard-nosed or too hampered by DHSS support. If it does work well the pattern it sets could be a useful one for other parts of the social security system.

Joe Rogaly

* *Private and National Health Services. Michael Lee. PSI 12 Upper Belgrave Street, SW1 8BB. £2.20*



Letters to the Editor

Dialogue with Japan

From the Chairman, Japan Trade Advisory Group, British Overseas Trade Board.

Sir,—Since the Japan Information Centre in London has begun a "Dialogue with Japan" (your Japan supplement of July 17) I know my friend Mr. Masaya Miyoshi of the Keidanren will not mind if I take issue with his statement in the advertisement on page 13 that most British exporters do not take the trouble to learn the culture and language of his country, adding: "But how do you think Japanese traders won their successes in the British market? Certainly not by flying to Claridges for a couple of weeks and speaking Japanese."

This is altogether too glib and cannot be allowed to pass for it perpetuates the canard that if we as exporters have failed in the market, it is largely our own fault.

A recitation of British public and private sector attempts to penetrate the Japanese market in recent years would be long, so I rest on the statement that probably no export market has received more concentrated attention by UK industry and government than has the Japanese. Most of our heavies and scores of smaller firms have sustained long term marketing efforts, supported by hundreds of visits by dozens of executives and the local work of their Japanese representatives but not always with a success that matches the effort. This is a far cry from the dismissive implication of Miyoshi San.

I believe we must look elsewhere for an improvement in the performance of British (not to speak of European and American) exports to Japan. Perhaps the causes of our frustration may be found among the following factors:—A national economic strategy based on export growth. A high level of energy and raw material imports but a deliberately low level of imports of manufactures. A strategy at times backed by administrative guidance. The virtual saturation of the domestic market through a tightly knit, big-industry controlled distribution system. A policy of self-sufficiency in sub-contracting. The great reliance of importers for credit on the big ten trading companies—themselves part of the industrial conglomerates. The swift and instinctive reflex of big industry to close in on a foreign firm making substantial inroads. In consumer marketing the problem of breaking the vicious spiral of high mark-ups and low volume. The pressure on foreign investors to go for joint ventures and on exporters to agree to licence agreement, neither of which contributes to a reduction in the bilateral physical trade gap.

In his keynote article in the supplement, Charles Smith thinks that if all goes well there may well be a rise in the ratio of manufactured goods in Japan's total imports to 30 per cent in the early 1980s from the present levels of between 20 and 25 per cent.

That is the nub. That percentage rise means employment for our people; will it be enough and can we wait that long? I say to our Japanese friends: We are willing and able to sell; are you willing and ready to buy?

Geoffrey Nichols,
Rotoprint House,
Honeypot Lane, NW9.

Views from the City

From Mr. E. Chalmers

Sir,—I only wish I did qualify to be a member of what Anthony Harris describes (July 21) as "a handful of young men who write brokers' circulars"—but the sad fact is that my half-century looms very near.

Mr. Harris's general complaint is that stockbrokers are increasingly telling the Government what it ought to do. Well, why not? This is a democracy, and stockbrokers and their economists have just as much right as anyone else to express views on the running of a country of which they are citizens and taxpayers. According to Mr. Harris, as a result of our circular writing activity "someone is entitled to wonder who are the rulers now." Well, if someone *is* still wondering about that then he (or she) is a bit slow on the uptake. I have a newsflash for Mr. Harris—the rulers of this country are the trade unions and little offence seems to be taken when they tell Governments what to do.

Financial institutions in the City have an equal right to speak their mind. For too long they have sat silent, sad witnesses over the post-war years to the economic mismanagement of our country. Too much has been heard from trendy, lefty, permissive neo-Keynesian economists, offering painless, popular solutions that don't work. Not enough has been heard from the "sound money" men of the City. I have another newsflash for Mr. Harris—from now on we hope it is going to be different!

It is to be regretted if what we say sometimes upsets the gilt-edged market and causes investors to withhold funds from the Government. It is being suggested that in doing so we are, like the trade unions, exercising our "muscle." No, Mr. Harris, the real cause of gilt-buyer strikes is bad economic and monetary management and that is what we City commentators are trying to correct. For years now gilt investors have been robbed blind by the pursuit of inflationary policies. The *surprising thing is that they* didn't go on strike sooner.

What would do much to restore confidence in the gilt market would be the announcement that henceforth Chancellors of the Exchequer and senior Treasury officials would be required to invest their personal savings in undated British Government stocks—and furthermore, that Civil Service pensions would no longer be index-linked. Perhaps Mr. Harris would care to join me in a brisk walk and chat around the quarterdeck on that one! Oh by the way, we didn't have quarterdecks in the Royal Air Force, where I served to help preserve a world in which it would be safe for young men to write brokers' circulars.

Eric Chalmers,
E. B. Savory Milln and Co.
20, Moorgate, E.C.2.

Intellectual bankruptcy

From Dr. A. Henfrey

Sir,—The fact that Anthony Harris can write (July 21) that Government financial policy is at the mercy of a handful of young men who write brokers' circulars (July 21) is, to my mind, more an indication of the *current state of intellectual* bankruptcy of the postwar economic establishment in Whitehall and Cambridge than it is of the intellects of the young men who write these brokers' circulars.

(Dr.) Anthony W. Henfrey.
56, Northdown Street, N1.

Not the EEC's fault

From Mr. A. S. Scott

Sir,—I do not know why people think that the EEC is responsible for the present state of our economy and not our own fault. It is not the EEC which suppresses industrial activity in the UK with excessive corporate and personal taxation on income. Community members who try can do well within it.

There is much room for improvement in the policy on agriculture, but it is Europe's moral duty to feed itself and those who produce the food expect a European standard of living. There are many hungry people in the world whose need for any cheap food that may be available is greater than ours.

People have short memories if they have forgotten what a disasterous effect European disunity had on two occasions in this century.

A. H. Scott.
102, Beeches Road,
Chelmsford, Essex.

Marketing tractors

From the Director General The Agricultural Engineers Association

Sir,—I see that Mr. Horsnail (July 6) has joined the gallant army of advisers and consultants who continually tell British Industry how to conduct their business.

It seems however, that Mr. Horsnail needs some lessons in elementary industrial economics. Surely he does not believe that companies of the world stature of Ford, Massey-Ferguson, International Harvester and David Brown spend millions of pounds developing and producing tractors of a design and size which careful market research has ascertained the farmers do not want?

Of course we can all commit errors of judgment, so providing sticks with which advisers possessed of sterling hindsight can beat us into the ground, but if Mr. Horsnail inspects the list of UK's top 100 exporters he will observe that our industry does contribute to his daily crust.

Contrary to his suggestion there are still British tractors available in the 30-50 hp categories though of course they embrace higher technology than the "small grey Ferguson," the nostalgia for which is usually based on the small grey prices at which it was sold before the enormous manufacturing cost inflation of the early 1970's

"The bigger size and increased noise and pollution of the current generation of tractors . . ." did not bring the costly legislation for noise-reduced safety cabs. It was a combination of user demand, a safety-conscious Government, and the relative tolerance of the farmers' lobby which allowed the legislation to pass on the statute book.

F. Dean Swift.
6 Buckingham Gate,
London, S.W.1.

Overtaking on motorways

From the Managing Director Harvey Plating

Sir,—I noted with interest Major A. Sutton's letter (July 20) on headlamp flashing on the motorway, and agree that it is unfortunate that Members of Parliament are reduced to the kind of rubbish aired by Mr. W. Johnson, MP. Major Sutton has, however, omitted the most important point. The outside lane on any motorway, whether two or three lanes, is restricted for overtaking manoeuvres only. No one has the right to sit in the outside lane at any speed except for the express purpose of overtaking vehicles on the immediate nearside.

It should also be noted that heavy goods vehicles are restricted from the third lane of any motorway. As a frequent driver of these vehicles I am appalled at the apparent ignorance of a large number of car drivers who sit in the second *lane of a three-lane motorway at* speeds well below the 60 mph HGV motorway limit, hindering all HGV traffic unless they are prepaper to break the law by overtaking in the third lane.

Harvey Smith,
Henson Road,
Yarm Road Industrial Estate,
Darlington.

Intention of a scrip issue

From Mr. S. Lupin

Sir,—Further to my attendance at a recent AGM, may I use your columns to air my views regarding scrip issues. I feel sure many of your readers will be interested.

Unless countless chairmen over the years have spouted nonsense, surely the intention of a scrip issue is to benefit the shareholders by distributing yet retaining the accumulated reserves of the company arising from share premiums, retained profits or written-up values of properties all of which are part of the equity and belong to the shareholder anyway.

A scrip issue is not the largesse of a wealthy chairman, it is a recognition that a company belongs to its shareholders on whom the Board may have occasion to call for further cash at which time careful consideration is given to ensure that the terms are favourable.

While a scrip isue naturally provides for an adjustment in the share price, my observation over the years allows for the view that prior to and after the event the share price movement is such that in finality the shareholder benefits by the increased value of his holding which is the point of the exercise.

Finally, the point of price feasibility, well, not every scrip issue has to be a one for one but the principle does much to enhance the esteem of a company among investors.

S. Lupin.
99, Randolph Avenue,
Maida Vale, W9.

Proper pay for MPs

From Mr. J. Rutherford.

Sir,—July 20 was just not a good day for MPs on your letters page. Mr. Clear rebukes Nicholas Fairbairn for his comments about unpolished shoes, Major Sutton puts Walter Johnson in his place about flashing car lights on motorways and Stephen Eyres's reply to criticism of his previous letter was, frankly, rather petty.

I cannot, however, agree with Major Sutton's comment about MPs' "already substantial salaries." One gets what one pays for; any businessman will tell you that if you pay peanuts you get monkeys. Until our MPs are paid a reasonable rate for the job, £20,000 or more, we needn't wonder at their quality. Is an MP less important than a judge or senior executive?

John Rutherford,
14 Great Stuart Street,
Edinburgh.

Perceived decibels

From Mr. K. Blumenthal

Sir,—I was intrigued to read (July 20) that the Department of Employment had approved a productivity deal for the chorus of the English National Opera. No doubt this would be based on the number of notes sung per minute or hour.

K. A. Blumenthal.
Greentiles, Elmsway,
Ashford, Middlesex.

Today's Events

GENERAL

EEC Foreign Ministers meet, Brussels.

EEC Agriculture Ministers end two-day meeting, Brussels.

Half-day strike against Government's 10 per cent pay offer by *industrial civil servants in London*, including car drivers and staff at Buckingham Palace, House of Commons, Whitehall ministries and the British Museum.

National Coal Board annual report.

Mr. Harold Lever, Chancellor, Duchy of Lancaster, presents prizes to winning team in National Management Game, sponsored by the Financial Times, ICL and Institute of Chartered Accountants in England and Wales, in association with the CBI and Institute of Directors, Skinners' Hall, EC4.

Elim Pentecostal Church international missions board considers future of its Rhodesian mission.

Royal Welsh Show opens. Llanelwedd, Builth Wells (until July 27).

PARLIAMENTRY BUSINESS

House of Commons: Debate on the economy, including the White Paper on inflation.

House of Lords: Homes Insulation Bill, report stage and third reading. Inner Urban Areas Bill, consideration of Commons reasons for disagreeing with Lords amendments. Parliamentary Pensions Bill, report stage and third reading. Civil Liability (Contribution) Bill, remaining stages. Road Traffic (Seat Belts) (Northern Ireland) Order. Debate on export of live farm animals for slaugther.

OFFICIAL STATISTICS

Bricks and cement production (June).

COMPANY RESULTS

Final dividends: Amalgamated Distilled Products; Davy International; Ingram (Harold); Wheeler's Restaurants. **Interim dividends:** *Glasgow Stockholders* Trust; Grindlays Holdings; Howard Machinery; National Westminster Bank; Rotaflex (Great Britain); Taylor Woodrow.

COMPANY MEETINGS

Bridgend Processes, 77, London Wall, EC, 10.30. Globe Investment Trust, Electra House, Victoria Embankment, 11.30. Hargreaves, Wetherby, West Yorkshire, 12. London Sumatra Plantations, 100, Old Broad Street, EC, 3. Northern Goldsmiths, Newcastle upon Tyne, 11.45. Sketchley, Hinckley, Leicestershire, 3. Sturla, Dorchester Hotel, W, 12. Sterling Industries, 2-4, St. Mary Axe, EC, 12. Transparent Paper, Cafe Royal, W, 12.30.

SPORT

Cricket: Yorkshire v. New *Zealand, Headingley; England v.* West Indies (under 19), Scarborough. Golf: English amateur championship, Royal Birkdale; PGA club professionals' tournament, Pannal. Tennis: Inter-county tournament, Eastbourne.

COMPANY NEWS + COMMENT

AAH reaches £6.3m and still improving

FINAL QUARTER pre-tax profits of AAH rose from £2.08m to £2.34m taking the total for the year ended March 31, 1978 up from £5.46m to £6.3m.

Despite the increase in the NCB's share in British Fuel's profit from 45 per cent to just under 50 per cent, the group profit attributable to ordinary holders rose from £1.84m to £2.04m and *earnings per 25p share are up* from 13.55p to 14.02p. At the nine month stage maintained earnings were projected.

As forecast the dividend is being raised by the maximum permitted—from the equivalent of 5.5p to 6.14295p, with a final of 3.39295p.

As regards the current year, Mr. W. M. Pybus, chairman, says that it has started in a satisfactory way with managements accounts showing *overall profits* ahead of those of the correspond*ing period of the previous year.*

Commenting on the results the chairman reports that on the solid fuel side margins were squeezed. Milder weather in January and in March affected sales and bad weather in February, while stimulating demand, hampered deliveries.

A year ago domestic coal supplies had been insufficient to match sales and permit the build up of adequate reserve stocks. Mr. Pybus says that the position is more difficult this year and failure to reach stock target in the remaining summer months could restrict trading in the winter season and hit gross *margins.*

	1977-78 £000	1976-77 £000
Group turnover	246,061	216,701
Solid fuel	148,379	136,634
Oil	27,305	22,078
Builders supplies	22,367	20,260
Pharmaceutical supplies	20,244	14,424
Engineering	7,137	5,500
Agricultural supplies	4,124	3,379
Road haulage	8,622	7,436
Miscellaneous	7,480	7,954
Trading profit	7,037	6,323
Solid fuel	2,634	2,685
Oil	320	240
Builders' supplies	822	959
Pharmaceutical supplies	1,206	1,008
Engineering	1,012	674
Agricultural supplies	133	341
Road haulage	462	309
Miscellaneous	196	119
Net interest payable	736	872
Profit before tax	**6,301**	**5,461**
Taxation	3,260	2,534
Net profit	3,041	2,627
Attributable NCB, etc.	1,005	785
Attributable holders	2,036	1,842
Preference dividends	75	75
Attributable ordinary	1,961	1,767
Interim dividend	385	350
Final	474	419
Retained	1,102	998

Although solid fuel's profit contribution as a percentage of the group total again fell this division maintained its position in money terms. The chairman is confident of a significant contribution from this source for many years to come.

Fuel oil maintained its progress in the final quarter despite a tanker drivers' overtime ban, and *it is anticipated that this division* will continue to increase its contribution to profits.

In pharmaceutical supplies pressure on margins intensified in the final quarter and inflation stock profits diminished as the rate of inflation declined. While competition by price cutting intensifies the chairman is confident that the division is in a position to retain its market share. Profits are being maintained in the current year.

On the road haulage side the fleet of vehicles has been cut-back and it is felt that the reorganisation carried out over the last 18 months has provided a sound base for future growth.

Very tough trading conditions were encountered by all the companies operating in the agricultural supplies field. Reductions in expenditure squeezed margins *and in addition management* problems were experienced in one of the overseas companies. Remedial action was taken and the benefits are showing through *in current trading. Overall* the chairman is looking for a much better contribution from this division in the current year.

● comment

The heavy snow in February prevented AAH from delivering household solid fuel and, coupled with relatively mild weather in January and March, it meant that profits here were slightly lower over the year. But the pharmaceutical division, acquired in 1976, turned in a good result in the face of greater competition. The engineering division profits jumped by 50 per cent against the previous depressed level but elsewhere profits were lower. Trading in the current year has been satisfactory although the company is having difficulty getting adequate *supplies of solid fuel.* The problem is that higher prices in the industrial sector for coke and coal means that producers are crushing a greater percentage of ore to get the benefit of higher prices. Solid fuel, while a declining force to overall group profits is still the major contributor and difficulty getting supplies could could affect the current year figures. The share price rose 4p to 107p yesterday giving a p/e of 7.4 and a yield of 9 per cent.

HIGHLIGHTS

Lext discusses the possible implications on BP's earnings in the event of an increase in PRT. Lex also takes a look at *the gilt market, following he exhausion of the long tap, and* the Treasury's explanatory statement on the proposed amendments to dividend controls. Elsewhere **AAH** was hit by unfarvourable weather conditions in the winter and solid fuel *profits were slightly lower while* industrial disputes hit **Ward and Goldstone** to the tune of about £1m pre-tax. Under its new management **Change Wares** appears to be making a quick recovery but **Neepsend** incurred a substantial slide in profits in the second half leaving the overall balance little changed. **Graig Shipping** has incurred losses for the third year running and the dividend has been cut.

ARMSTRONG EQUIP.

Armstrong Equipment has now completed the acquisition of Hillcrest Engineering in exchange for 208,974 ordinary shares, taken at 65p each and £204,167 cash.

Change Wares to top £0.45m

REPORTING TAXABLE profits of £280,000 for the first six months of 1978, *Mr. G. Rose, the chairman* of Change Wares says that with the improved trading being achieved throughout the group, it should comfortably exceed the *annual forecast of £450,000 made* in December, 1977.

The company has recently changed its year-end to December 31. For the previous six months *accounting period, it announced a* £98,000 loss and no dividend was paid.

Mr. Rose comments that the wire working and shop fitting divisions have benefited from the introduction of certain new products, the reduction of overheads and a general improvement in orders.

Stockwell is also ahead of budget which is gratifying, says the chairman, considering that this has been achieved in a depressed market and by providing a varied product range, reliable service and having readily available stocks of steel, it has increased its market share.

He says he is confident that the group's improved trading will continue and that the year-end results will give positive proof of successful restructuring of the company.

External sales for the half-year amounted to *£7.73m* and no provision is made for tax as the directors anticipate that no liability will arise on the profits earned this year due to past trading losses and stock relief.

Stated earnings were 1.53p per 10p share and an interim dividend of 0.2p net is to be paid to ordinary holders and also to participating preferred holders in accordance with their rights. *Dividends absorb £82,000 leaving* a retained profit of £198,000.

● comment

Change Wares' has been hinting at a much better outcome this year than the earlier forecast of £450,000 made at the time of the Stockwell acquisition, and these figures appear to be pointing the way to over *£600,000.* This *is* certainly an impressive turnround after the losses of the past couple of years. And the interim profit figure is after a £30,000 or £40,000 exceptional cost of closing a large warehouse and a factory in Putney. Change Wares is the first example of where Mr. Geoffrey Rose, along with American partners, has moved into an ailing company and injected cash. He has repeated the exercise twice fairly recently. Undoubtedly Change Wares is making a rapid recovery and the balance sheet is looking healthier with gearing down to around 30 per cent of *shareholders' funds. The market will be watching the* company's progress, but the shares are already discounting some growth. At 21½p the prospective fully diluted p/e, based on £600,000 and a full tax charge, is 11, or 5¼ assuming no tax is payable. The yield is 2.8 per *cent, though the convertible pre*ference at 20p are a much better bet yielding nearly 12½ per cent and convertible on a one-for-one basis.

Scottish American revenue rise

First half 1978 gross income of **Scottish American Investment Company** rose from £1.7m to £1.99m and net revenue emerged higher at £0.59m against *£0.57m* last time. Net revenue for the whole of 1977 was £1.46m.

As already announced the interim dividend is increased from 0.8p to 0.9p net per 50p share and directors hope to at least maintain the final payment at 1.7p.

Net assets at June 30 are shown at £62.65m (£53.55m) and £59.51m as at December 31, 1977; net asset value per share is given as 112.1p (95.8p) and 106.5p, which includes *full dollar premium* of 10p (9.1p) and 3.2p.

Porvair rises to £230,000 halfway

Including a £97,000 surplus realised on the sale of an item of equipment no longer required by the company, pre-tax profits of Porvair continued their recovery of recent years and rose from £69,000 to £230,000 for the six months to June 30, 1978. Turnover for the period fell from £3.26m to £2.91m.

In the last full year the company turned round from a loss of £776,534 to a profit of £292,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- sponding div.	Total for year	Total last year
AAH	3.39	Oct. 9	3*	6.14	5.5*
Carliol Inv. Tst.	1.5§	Aug. 31	1	—	3.85
Change Wares int.	0.2	Sept. 30	—	—	Nil‡
Free State Development	8‖	Sept. 16	7	12	11
Graig Shipping	4	Sept. 16	11.49	8	16.49
H. J. Hainz int.	3.96	July 31	—	—	—
Jamesons Chocolates int.	0.87	—	0.85	—	3.25
Ladies Pride int.	0.93	Oct. 2	0.63*	—	1.93*
Leda Investment int.	1.14	Aug. 31	0.99	—	2.77
Neepsend	2.3	Oct. 20	2.09	3.22	2.93
Siebe Gorman	3.43	—	3.07	5.64	5.05
Temple Bar Inv. Tst. int.	1.5	Oct. 31	3.03*	—	4.75*
Tyneside Inv. Tst.	1.5§	Sept. 30	1	—	3.85
U.C. Investments int.	14§	Sept. 15	10	—	30
Ward and Goldstone	3.67	—	3.28*	4.54	4.06*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 6 months period. § To reduce disparity with final. ‖ South African cents throughout.

Second half slump at Ward & Goldstone

A £1M second-half downturn from £3.12m to £2.1m caused mainly by an industrial dispute left pre-tax profits of Ward and Goldstone, for the full March 31, 1978 year, behind at £3.34m against a peak £4.14m last time.

Turnover for the year was ahead from £56.96m to £60m and exports showed an advance to £12.44m (£11.05m).

	1977-78 £	1976-77 £
Turnover	59,995,829	56,955,969
Trading profit	5,590,816	5,947,626
Add surplus*	36,016	14,749
From inv. grants	23,612	53,751
Interest received	26,567	32,322
Investments inc.	1,349	1,349
Depreciation	1,607,270	1,295,489
Bank interest	507,289	385,797
Hire of machinery	206,003	206,015
Auditors remun.	24,819	22,985
Profit before tax	3,336,897	4,139,708
Taxation	1,549,993	1,995,043
Net profit	1,786,904	2,144,665
Dividends	689,673	617,971
Retained	1,097,231	1,526,692
Brought forward	9,619,773	8,093,081
Making	10,717,004	9,619,773
Less cap. scrip issue	944,353	—
Forward	9,772,651	9,619,773
Parent	8,082,556	8,365,787
Subsidiaries	1,690,095	1,253,986

* On sales of fixed assets.

Sales for the first quarter of the current year are, "modestly in excess" of the same period last year, the directors report. Subject to no further untoward experiences they would hope and expect to see at least a restoration of previous earnings.

Earnings per 25p share are shown as 11.8p (14.17p) and the dividend is effectively raised to 4.5378p (4.0631p) with a final of 3.6718p net.

Ward and Goldstone manufactures insulated wires and cables, and electrical and plastics accessories.

● comment

The three-month work-to-rule probably cost Ward and Goldstone around £1m in profits and *the figure* for the year dropped by a fifth with margins nearly two points lower at 5.6 per cent. The immediate effect was to deplete existing stocks and by the last *quarter* the company had almost run out of finished cable. Although the dispute is over, it will still take some time before the company can regain its balance. Also, it will not be able to look overseas for any support as Nigeria, the main export market, has cut back on imports. However, if the level of industrial activity improves *in the UK, the* company should be able to make a full recovery this year as production gets back to normal. The shares, at 84p, are on a p/e of 6.9 while the yield is 8.5 per cent covered nearly three times.

Racal on course for further progress

THE ORDER book at Racal Electronics is at a record level and Mr. E. T. Harrison, the chairman, is forecasting a further profit increase for the current year.

He says that the Data Communications division is becoming an increasingly important part of the group's business and in 1978-1979 this group is expected to achieve sales of over £75m.

During the 1977-78 the group acquired four companies: Hellerman Cassettes (audio tape cassettes); Fairey Electronics (communications security equipment); Dana Laboratories (digital voltmeters and systems counters); and Vadic Corporation (low-speed modems).

The chairman *says that the pur*chase a year ago of Milgo enabled the group to obtain an important position in the U.S. market for high-speed data communications systems. The purchase of Vadic will in turn enable the group to extend its activity for the first time into the high volume market for low-speed modem equipment where there is a growing export potential.

Vadic's exports out of the U.S. are running at about 8 per cent of total deliveries—Racal's worldwide marketing and sales organisation is expected to improve this performance substantially. Milgo *and Vadic will together enable the* group to meet worldwide market requirements for modems at all speeds and will enhance still further the group's capability in *the field of data communications* systems.

As a result of acquisitions made during the year the cost of good*will went up by some £1.5m to* £21.9m. In 1976-77 a sum of £10m was written off this large intangible asset and it is considered prudent to write off a further £15m in 1977-78. *The net cost* appearing in the accounts is therefore reduced to £6.91m.

In the year ended March 31, 1978 group pre-tax profit expanded by 52 per cent to £49.83m, on a turnover 50 per cent up at £183.34m. Milgo's sales advanced from £22m to £34m and *profits were a record.* Mr. Harrison is confident that Milgo's results for the current year will show further improvement.

Sales by overseas companies amounted to £144m or 77 per cent of the group total. Exports from the UK moved up from £74m to £95m *representing* 69 per cent of total sales of all UK companies. A geographical analysis of group trading activities shows (in per cent) Africa 23: America 21: Asia 18: Australasia 2: Europe 36.

The *chairman reports* that the group is continuing with the full production of the British Army Clansman range of tactical radio equipments. Total value of *orders received is now over* £100m of which some two-thirds have been for export to 17 countries. The group expects to continue to receive substantial orders for this range for many years to come.

In the field of strategic communications the group has *considerably extended its range* of computer controlled systems for use in radio surveillance and remote controlled applications. The group has also undertaken the development of complete control systems for complex communications networks. In addition new HF transmitters for *both the high-performance and* low-cost product ranges, have been introduced.

A current cost statement shows an adjusted pre-tax profit for 1977-78 of £45.58m after cost of sales adjustment £3m, additional depreciation £1.53m, and gearing adjustment £0.96m.

Net cash at the year-end is shown to be up from £3.86m to £6.79m after deducting bank overdrafts and loans of £11.73m.

Meeting, Charing Cross Hotel, W.C., August 15 at 11.45 a.m.

New savings plan from Solar Life

Solar Life Assurance, the unit-*linked life subsidiary of* Sun Life Assurance, has launched a new regular savings plan—the Capital and Income (Plus Ten) Savings Plan.

It provides for a high level of investment and has several options available at the end of 10 years. The investor can cash *in for a tax free lump sum, or* can arrange for tax free income to be paid, or can continue to pay premiums, either at the same level or at a nominal rate.

The investor has a choice of six funds in which to invest with switching facilities between them—equity, property, fixed interest, cash, international and a managed fund, a mix of the other funds. The minimum premium is £250 a year (£25 a month) and the plan is available to investors between ages 18 and 70.

Winding-up orders

Orders for the compulsory winding up of 32 companies were made by Mr. Justice Oliver in the High Court. They were:

Leather Chairs (London), Donohoe and Williams, Quaraz Music, W. O. Saunders (Haulage), Status Developments, Rockcrown, Wizard Records, Westyield Homes, Rayleigh Heating Components, Russell Square Properties.

Southern Office and General Cleaning Company, South-Western Ceiling Supplies, Sullivan and Macdonald (Roofing), Aquarius Club, Arrowclose, Dower and Sadler (Builders and Decorators), The Fairlight Company Photographers, Firmnash, Geo. Herron and Company, E. Ging and Son (Contractors), Roy Cottingham, Leonardo Fashions.

Topglen, Gilly's (Management), Joday (Outdoor), Thamesdale (Building Contractors), Fayrow, Armand Catering (Sussex), Merecroft Engineering, Sevenshourne, R. G. Norman and R. A. Onyett (Carpets).

Graig loss £1.5m —dividend halved

A LOSS of almost £1.5m is reported by Craig Shipping for the *year ended* March 31 1978 and the dividend is being halved.

The pre-tax deficit at £1,490,594 is more than double the £642,659 *loss reported* for 1976-77 and was struck after heavier depreciation of £936,733 against £782,308. Of the loss £717,000 accrued in the second half.

The final dividend is being cut from 11.49p to 4p net leaving the total down from 16.49p to 8p. The directors had considered reducing the *dividend a year ago* but decided against this course of action then as it was felt that unforeseen difficulties might be encountered in restoring the payment in future.

Craig announces that it has agreed to sell MV Graigaur next month. The written down book value *of this vessel at the date* of sale will be £3.6m—estimated cash proceeds will amount to U.S.$4.4m and provision for the anticipated loss on the sale has been made in the accounts giving a net charge after related tax of £620,902.

This loss has been transferred to capital *reserve where profits* on the sales of vessels in previous years have been credited.

After a transfer of £735,168 from deferred tax (£242,989) and an extraordinary credit of *£36,173* (nil), the net loss comes through at £719,253 against £399,760.

● comment

For the third year running Graig Shipping has reported a loss and has finally bowed to the inevitable and halved its dividend—at 130p the shares yield 9 per cent. The company's immediate cash flow problems appear to have been solved by the sale of the MV Graigaur (built 1973) at a loss, but the company still has to decide what to do about the two new bulk carriers it ordered from Japan. It took delivery of the first *last summer but although it* should have taken delivery of the second last autumn it still has not done so. There seem to be some technical problems. The two ships are being built at a fixed price of Y3bn apiece but since the order was placed the yen has appreciated by around a third so some provision needs to be made for exchange losses. At the moment Graig is steering clear of asking the UK authorities for help—it does not want to have to accept *the sort of terms that Reardon* Smith announced last week. (Apart from agreeing to pay only a token dividend Reardon also undertook to sell its brand new "Orient City" at a hefty loss. At least the Japanese authorities have an incentive to help the company defer debt repayments since the Hakodate Dock Company, which is building the ships, is in financial trouble itself.

10% rise for Siebe Gorman

A VIRTUAL standstill in the second half is reported by **Siebe Gorman**, with profits at £2.55m, against £2.51m. However, taking *the upturn in the first half, profits* for the year ended April 1, 1978, show a 10 per cent increase to £4.47m.

Turnover expanded 17 per cent to £42.54m. The group designs and manufactures advanced technology fire fighting and underwater products, industrial safety and survival equipment, and leisure and protective wear.

Stated earnings are up from 25.2p to 28.1p per 25p share. The final dividend is 3.429p for a net total of 5.641p, compared with 5.052p.

	1977-78 £000	1976-77 £000
Turnover	42,538	36,352
Trading profit	4,149	3,649
Associates	319	406
Profit before tax	4,468	4,055
Taxation	1,562	1,442
Net profit	2,906	2,613
Extraord. debit	6d	†18

† Credit.

● comment

Siebe Gorman's first half profits rise of a quarter has been followed by a static second half mainly because of difficult trading *conditions in* South Africa and a downturn by the Steeplegrade leisurewear subsidiary, which has suffered from the wet spring weather in the UK. Never*theless, profits for the year are* a tenth higher (or 15 per cent excluding associates) thanks *mainly* to a strong exports performance—sales up 38 per cent to £6.2m. The *major division* (protective and safety clothing) did well following rationalisation in Denmark and Australia and profits jumped by more than a fifth to £2.2m. Meanwhile, the current year will see the benefit of a number of big orders—50 fire appliances and six turntable *ladders together worth £2m and* breathing apparatus worth £0.3m. Exports should continue to forge ahead and the company looks to be on target for over £5m this year. With the shares at 180p the p/e is 6.3 while the yield is 4.8 per cent.

ART GALLERIES

THE MARKET PLACE GALLERY, Colyton, Devon. Telephone (0297) 52841. Until 28th August. West Country Landscapes and Seascapes—Oil Paintings by Tristram Hillier, R.A., and Watercolours by Charles Knight, R.W.S., and 18 other artists—many works under £50. Gallery open 11 to 1 and 2.30 to 6. Open Sundays all day and Wednesday afternoons.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of Old marine, military and sporting and topographical prints and paintings and ship models.

Neepsend held back by steel and foundry side

IN SPITE of good progress made by the tools and engineering companies of Neepsend during the year to March 31, 1978, group profits were held back by the continuing depression in steel and foundry activities.

Sales during the 12 months advanced from £18.5m to £22m, while pre-tax profits virtually stood still at £1.05m, against £1.06m.

At the interim stage when profits improved from £349,000 to £656,000 Mr Stanley Speight, chairman, said that indications pointed to a satisfactory profit being achieved for the full year.

He now says that problems referred to at midway, due to the world recession in steel and continued dumping in the UK market, marred what would otherwise have been much improved figures.

	1977-78 £000	1976-77 £000
Sales	21,757	18,510
Home	18,976	15,815
Export	2,781	2,695
Group trading profit	1,324	1,186
Share of associates	200	257
Investment income	28	43
Bank interest	303	429
Profit before tax	1,049	1,057
Tax	529	516
Net profit	520	541
Extraordinary credits*	1	9
Available	521	550
Dividends	438	398
Retained	83	152

* Net profits on realisation of investments and properties.

Vigorous steps are being taken which are expected to lead to better results from the steel side during the current year. Elsewhere, the year has started well.

The final dividend per 25p share is 2.30315 net for a 3.224p (2.93125p) total.

In view of new accountancy standards a valuation of the group's properties is being carried out and the resultant surplus will be included in the published balance sheet.

● comment

A 45 per cent slide in the second six months left pre-tax profits at Neepsend virtually unchanged for the year and well below most City estimates. The company is currently undergoing a painful shift of emphasis away from steel and foundry activities towards its much more successful tools and engineering wside. This no accounts for about two-thirds of profits, against less than half previously, but the strain is apparent in the figures. Roughly half the group's steel products are employed internally and the goal is now to increase this proportion, phasing out steels not required for tool manufacture. Neepsend, like many of its competitors, is working only to about 70 per cent capacity and clearly sees little future in the steel market. Meanwhile the company is recommending the maximum permitted dividend—a brave move given the marginal cover but at least a sign of the group's own confidence. Future growth will undoubtedly depend on tools, and while these are now buoyant the way ahead looks far from easy. At 45p the shares stand on a speculative p/e of 11.2 supported by a yield of 11.4 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Glasgow Stockholders Trust, Grindlays, National Westminster Bank, Rotaflex (Great Britain), Taylor Woodrow, Vantage Securities.

Finals—Amalgamated Distilled Products, Davy International, Geevor Tin Mines, Howard Tenens Services, Harold Ingram, Macarthys Pharmaceuticals, Wheeler's Restaurants.

FUTURE DATES

Interims—	
Anglo-African Finance	July 25
Britannic Assurance	Aug. 16
Lex Service	Aug. 17
Manchester Ship Canal	Aug. 14
Relyon PBWS	July 28
Finals—	
Brown (N.) Investments	July 28
Phoenix Timber	Aug. 4
Sogomana	July 28

Jamesons first half setback

DESPITE AN increase in turnover, profits of Jamesons Chocolates for the first half of 1978 have fallen from £267,629 to £159,177.

Turnover came to £3.16m, against £2.97m. After tax £82,772 (£139,167) net profit was down from £128,462 to £76,405, with stated earnings falling from 4.94p to 2.94p per 10p share.

The interim dividend is 0.875p (0.848p) net—total for 1977 was 3.255p paid from pre-tax profits of £634,375.

Jamesons is controlled by Mr. Henry and Mr. Bernard Whitefield and trustees of their family settlements.

Progress at Ladies Pride

PRE-TAX PROFIT of Ladies Pride Outerwear rose from £411,210 to £451,197 for the half year to May 31, 1978. And it was struck after currency exchange losses of £9,000 for the period against gains of £49,000 last time.

The directors reported record profits of £1.02m for the November 30, 1977, year and said then that they viewed the future with confidence.

Sales for the half year advanced from £2.77m to £3.15m and profits were subject to tax of £235,580 (£214,500). Net profit came out ahead at £215,617 (£196,710) with earnings per 20p share showing a rise from 3.53p to 3.87p.

The steady growth in sales has continued into the autumn season, the directors say, and all factories are working to capacity.

The interim dividend is effectively increased by 50 per cent to 0.95p (0.6333p) net and it is the directors' intention to maintain this increase in the final payment. However, should legislation prohibit this, then an appropriate adjustment will be made in the final—last year's final was an equivalent 1.3p.

	Half-year 1977-78 £	1976-77 £
Sales	3,149,974	2,772,731
Exchange losses	9,000	49,000
Pre-tax profit	451,197	411,210
Tax	235,580	214,500
Net profit	215,617	196,710

'Pru' Pensions now manages over £300m

Total funds under management of Prudential Pensions, a member of the Prudential Assurance Group, have passed the £300m mark in just seven years since the formation of the company in April 1971.

PPL offers investment management services to pension funds on a unitised basis, through three funds—equity, property and fixed-interest. The pension funds can invest the whole of their assets with the company or only part of their funds. Many schemes use the property fund only, seeking equity and fixed-interest investment elsewhere.

By mid-June, the equity fund had reached £114m, the fixed-interest fund £79m and the property fund £122m. Over 120 pension schemes use the services of PPL either wholly or partially.

The company has now produced an audio-visual presentation of its services for use of pension consultants, insurance brokers and other intermediaries. This sets out the general principles of pension fund investment management, the way PPL achieve this through its three funds, the importance of getting the mix of funds right and the research resources backing PPL from its parent company's investment department.

Johnson Matthey Bankers growth

For the March 31, 1978, year Johnson Matthey Bankers, the banking and bullion dealing subsidiary of the Johnson Matthey Group, recorded a pre-tax profit up from £2.04m to £2.1m. The after-tax figure advanced from £0.99m to £1.06m.

Towards year-end the subscribed capital was increased to £6m by the issue to the parent company of 1m ordinary shares of £1 by way of a scrip.

In his annual statement Mr. P. D. F. Varrall, bank chairman, says taking a balanced view of the entire year, bullion-banking activity in world markets remained at a good level and the bank was able to maintain a high standard of performance in turnover and profitability.

A major part of the bank's profit was obtained from trading and dealing in gold, silver, platinum and foreign exchange, and through the subsidiary company, Johnson Matthey Commodities, in base metals.

The remaining and substantial balance of profit stemmed from general financial and banking operations, within which the bank concentrated on sterling and currency arbitrage and the financing of short-term loans.

As a member of the London Gold Market and one of the world's leading traders, Johnson Matthey Bankers was admirably placed to seize any opportunities that occurred.

The international monetary fund held 11 auctions in the year, selling nearly 180 metric tons of gold and, acting on behalf of customers world-wide, the bank bought over 22 metric tons, more than 12.4 per cent.

Earnings from foreign exchange dealing were maintained at a good level and the bank widened its scope in certain of the major European currencies. In sterling dealing, earnings on beneficially-owned funds were not helped by the unusually low levels of sterling interest rates.

General banking operations made a record contribution to earnings and the bank concentrated on the financing of the overseas trade of exporters, importers

TRUSTS $ LOANS

Winterbottom Trust has borrowed $1.4m and Scottish Mortgage and Trust has borrowed $9m, repayable in 5 annual instalments commencing in 1979 from an American bank for investment in dollar bonds issued by certain EEC institutions in terms of supplement 35 to E.C.7 of January 1, 1978.

Pentland ahead at halfway

Revenue of Pentland Investment Trust emerged higher at £393,637 for the first half of 1978, against £369,268. Result was struck after overseas tax £21,472 compared with £23,969, corporation tax of £43,499 (£68,376) and imputed tax £171,887 (£152,937) on franked investment income.

Stated first-half earnings per 25p share are 2.15p (2.01p) and, as already announced, the interim is lifted from 0.875p to 1.5p net, to reduce disparity—last year's final was 3.175p and net revenue for the whole of 1977 was £753,000.

Net asset value per share at June 30 is given as 162p (149p).

MINING NEWS

Texasgulf and Kaiser earning less

BY KENNETH MARSTON, MINING EDITOR

HIGHER SALES, but lower profits, characterise the first-half 1978 results of America's Texasgulf natural resources group in which a 30 per cent stake is held by **Canada Development Corporation**, reports John Soganich from Toronto.

Second quarter earnings amounted to $11.73m (£6.14m), or 31 cents per share, while sales totalled $146.7m. For the first six months of this year earnings amounted to $22.27m, or 58 cents per share, compared with $27.6m in the first half of 1977. Sales in the past half-year, however, rose to $274.1m against $239.3m last time.

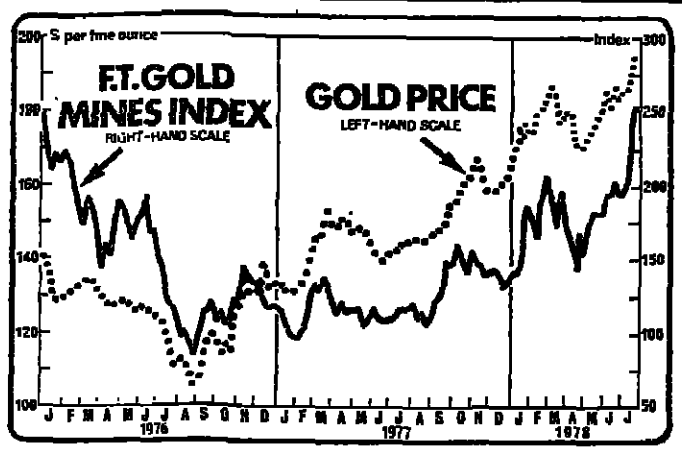
The higher sales value reflects increased amounts sold of soda ash, zinc, sulphur and phosphate fertilisers coupled with higher prices received for soda ash, phosphate fertilisers and sulphur.

On the other hand, there were sizeable falls in zinc and copper prices. In addition, the company states that the relative strength of the yen and the decline in the dollar adversely affected zinc concentrate prices in the second quarter and resulted in higher treatment charges for concentrate sales to Japanese customers.

Lower profits are also reported by the major Canadian coal producer, **Kaiser Resources**. The second quarter net income dropped 24 per cent to C$12.2m (£5.68m), or 46 cents per share, from C$16.2m in the same period of 1977. Earnings for the first half of this year total C$25.6m compared with C$30.7m a year ago while sales were 4 per cent down at C$149.5m.

The British Columbia coal producer says that the second-quarter result was adversely affected by lower shipments of metallurgical coal "and the inability of the company during the period of price negotiations to recover certain increased costs through escalation provisions of its Japanese sales contract."

The company is continuing negotiations with its Japanese customers and partner on the price and escalation provisions for coking coal to be effective from April 1, 1978. Until agreement is reached Kaiser will continue to bill for coal delivered at the March 31 price.



After touching $196¾ per ounce at one time, the U.S. price of gold closed $3¼ up yesterday at $195¾. This is the highest closing price since $195½ in December, 1974, and it compares with the all-time trading peak of $197½ reached in that month. London cum-premium prices of South African gold shares advance afresh yesterday, although the rise was tempered by a fall in the investment dollar premium. The FT gold mines index was 5.3 up at 180.3, its highest since 184.9 on June 16, 1976 when gold was $125¼. The all-time high for the index was 442.3, reached on May 22, 1975.

NCHANGA DEFERS ITS NEW PLANT

Plans to construct the third stage of a tailings leach plant at Zambia's **Nchanga Consolidated Copper Mines** Chingola division have been deferred, reports our Lusaka correspondent.

The extension of the existing plant would have produced about 40,000 tonnes of cathode copper annually for 10 years, from treatment of old tailings, at a cost of around £300 per tonne.

Negotiations had reached an advanced stage, and the project was to be funded through a combination of suppliers' credits, local borrowings from Zambian commercial banks and the International Finance Corporation and Bank of America.

Last month, Nchanga officials were optimistic about a successful outcome, but negotiations broke down earlier this month over the status of a separate company which was to be established for the third stage of the plant. "The net effect would have been to weaken Nchanga," commented the spokesman.

The company says it remains committed to the project and will continue with design work, despite the financing problems.

One of the main contractors would have been Davy Powergas (UK).

TINS GIVE UP SYDNEY QUOTE

Shares in Malaysia's **Berjuntai Tin Dredging, Kampong Lanjut, Kramat Tin** and **Kuala Kampar Tin Fields** will be de-listed on Australian exchanges at the close of trading on July 31 at their own request, according to the Sydney Stock Exchange.

Their shares were suspended from trading at yesterday's close, following their advice on Friday of a proposed closure of their Australian share registers on July 31 because of a decline in Australian shareholders. Local shareholders will be transferred to the Malaysian register.

UCI PAYS MORE

The General Mining-Union Corporation group's **UC Investments** is raising its 1978 interim to 14 cents (8.4p) from 10 cents a year ago when there was a subsequent final of 20 cents. Net profits for the past half year have risen to R4.8m (£2.89m) from R3.25m in the same period of 1977; that year's total was R7.24. UCI shares closed 4p off at 240p yesterday.

Lornex lower at half-year

LOWER NET earnings for the past half-year are reported by the **Rio Tinto-Zinc** group's **Lornex** copper-molybdenum producer in British Columbia. Net profits for the last six months amount to C$4.48m (£2.08m) or 38 cents per share, compared with C$6.48m in the first half of 1977.

The fall reflects lower copper production as a result of reduced head grades coupled with higher smelting and refining charges. **Rio Algom** holds 67.5 per cent of Lornex while some 20 per cent is held by **Yukon Consolidated**.

MINING BRIEFS

NEW GUINEA GOLDFIELDS—June production: Golden Ridges Mill treated 9,145 tons of ore assaying 0.046 ozs per ton: fine gold produced 338 ozs, fine silver produced 369.5 ozs. Edie Creek Alluvials: fine gold produced 11.4 ozs, fine silver produced 10.3 ozs. Tributers: fine gold produced 62 ozs, fine silver produced 58 ozs.

AMALGAMATED TIN MINES OF NIGERIA—June production: 171 tonnes of tin concentrates, 26 tonnes columbite concentrates.

OIL AND GAS NEWS

Amoco confirms West Pembina oil discovery

AMOCO CANADA PETROLEUM, the Calgary based unit of **Standard Oil (Indiana)**, has confirmed a significant discovery on the West Pembina field of Alberta, writes **John Soganich** from Toronto.

It is the Pacific-Amoco Brazr 11-32-48-12 W5 well, in which Amoco has a 50 per cent interest. The well has encountered 240 feet of net pay in the Nisku formation. It has been assigned a maximum production rate of 1,850 barrels a day and so far has produced 190,000 barrels.

Amoco thinks it has the largest acreage on the West Pembina field. Its interests range from 38 to 25 per cent in 10 successful wells. It is a partner in four wells now being drilled and in 14 other wells being planned.

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In a further West Pembina development, two Calgary junior companies, **Oakwood Petroleum** and its affiliate, **American Eagle Petroleum**, acquired a seismic option from **Bencia Holdings** and **Verones Resources**. The option covers the N/2 8-50-11 W5M acreage. Following seismic and geological evaluation, Oakwood and American Eagle have the right to earn a 50 per cent interest by drilling a test to the Nisku formation.

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Elf-Aquitaine, the French group, has found traces of gas in the Mediterranean about 40 km from Alexandria, but it will take several months to assess the amount. The traces are near the Abou Qir gas field which comes into production in September.

BIDS AND DEALS

Saint Piran pays £2.2m for 22% of Orme

Saint Piran, the Cornish mining company which recently sold its stake in civil engineers A. Monk, has bought a 22 per cent interest in **Orme Developments**, the construction company, for £2.2m. The sellers are the entrepreneurs, Mr. Bob Tanner and Mr. Peter Whitfield.

Three nominees of Saint Piran will join the Board of Orme—Mr. Don Smith, Mr. W. A. Longworth and Mr. W. J. R. Shaw. But Mr. Tanner and Mr. Whitworth will remain on the Board as well. They still have 918,400 shares (5.2 per cent) after selling the 4m shares to Saint Piran at 55p each. In the stock market the shares rose 4p yesterday to 47p.

Saint Piran had two main reasons for buying the stake, said Mr. Don Smith yesterday. It was attracted by the land bank built up by Orme which has a book value of £7.6m and a much higher market value. Saint Piran takes the view that land will become increasingly scarce because of the effect of the Community Land Act, 1976. Secondly, Saint Piran already has an interest in construction through its 80 per cent owned subsidiary Milbury and wants to extend it.

Mr. Tanner said yesterday that the sale of the stake by himself and Mr. Whitfield came after they had seen the company through the severe crisis in British housebuilding in 1974 and after.

Now that conditions for housebuilding have improved, he said, the development of the land bank would be accelerated with the benefit of the expertise of the Saint Piran nominees.

He declined to say what use would be made of the proceeds but he and Mr. Whitfield have several projects in hand at the moment.

Saint Piran had wanted to buy the whole of the Tanner/Whitfield stake in Orme. Mr. Don Smith said that Saint Piran had no present intention of making a bid for Orme and would not even buy shares in the market up to the 30 per cent limit for the time being. He said that Saint Piran had not bought in the market prior to the announcement because it did not want to be accused of buying from the public at one price prior to buying from Mr. Tanner and Mr. Whitfield at a higher one.

A week ago Saint Piran announced the sale of its 29.95 per cent stake in A. Monk to Davy International for £3.3m. The Monk Board and one of the unions had made it clear that Saint Piran's stake was unwelcome. The Board refused to appoint a Saint Piran nominee. Mr. Don Smith said yesterday that this reaction was one of the reasons why Saint Piran had sold out. It would not be in and out of Orme in the same fashion. Orme was a long-term investment.

PEERAGE IN TALKS

Bid talks are underway for **Peerage of Birmingham**, which is a leading brass foundry, from an unnamed party. Shareholders are advised not to sell their shares until the outcome of the talks is known.

Last year, Peerage, which specialises in furnishing and decorative brassware, made profits of £552,000 pre-tax on a turnover of £4.6m. The company warned at the time that profits for the first six months this year are unlikely to be any higher than last year's £248,000, but the year as a whole should show improvement.

The company is expanding into the non-ferrous engineering castings industry and the new plant has recently come on stream.

J. & W. HENDERSON

The offer by **Cement-Roadstone Holdings** to acquire the ordinary capital of **J. and W. Henderson (Holdings)** has become unconditional, acceptances having been received in respect of 15,695,628 shares which represent 97.19 per cent of the capital.

The cash offer will remain open until further notice: the share alternative closed on July 21 and is no longer open.

CRH intends to acquire compulsorily the balance of the capital.

MORAN DISPOSES OF INDUSTRIAL SIDE

Richardson Smith Fabrics, the last industrial subsidiary of **Christopher Moran Group** has now been sold.

The total price including repayment of inter-group indebtedness of £67,000, amounts to £317,000 in cash of which £111,000 is payable in instalments over the next three years.

Consequently, the group's business now consists purely of insurance broking, underwriting agency and related activities.

PETFORD DROPS HENSHALL BID

Petford has finally accepted the inevitability of **Bovbourne's** controlling stake in **W. Henshall and Sons (Addlestone)** and has dropped its alternative and higher bid.

Yesterday, Petford's advisers, Seligmann Rayner, announced that Petford had received acceptances from shareholders representing 24.4 per cent of Henshall's shares, in addition to the 11.32 per cent it actually held free and clear.

However, Bovbourne's control of just over 50 per cent of the shares prevented Petford's offer from ever going unconditional, so Petford has decided to withdraw it and accept Bovbourne's lower offer.

MANCHESTER AND METROPOLITAN

Acceptances of the offer made by **Manchester and Metropolitan Investment Trust** for **Manchester and London Investment Trust** have been received in respect of 605,077 ordinary shares (60.4 per cent).

The offer has now become unconditional and will remain open.

CES TO SELL LINDOR

Combined English Stores Group has agreed to dispose of its loss-making Belgian subsidiary Lindor SA to Confectiebedrijf Max Abram BV.

CES has agreed to convert BFr 13,292,000 (£218,000) owed to it by Lindor into share capital prior to the sale. A basic purchase price of BFr 13,292,000 for all the capital is to be reduced by the trading loss incurred by Lindor for the period from February 1 to July 31, 1978. CES will be responsible for any excess of such loss over that figure.

Lindor SA, which operates a chain of ladies' wear shops in Belgium, incurred a loss for the year ended January 31, 1978 of BFr 27,773,000 (£436,000).

The disposal of Lindor SA is intended to enable the group to re-allocate management resources to activities in the UK, West Germany and the Netherlands.

The agreement is conditional upon governmental consents being obtained.

BOWATER

The offer documents covering the **Bowater Corporation's** agreed bid for **Crossley Building Products** show that Bowater is looking for merchanting outlets for its existing manufacturing in the UK.

The group points out that its Stockton-on-Tees subsidiary, F. Hills and Sons, is one of the major UK manufacturers of doors. Elsewhere in the group it manufactures windows, kitchen units, bedroom fittings as well as metal and plastic fittings such as ducts.

A spokesman for Bowater said yesterday that the group was looking to expand its earnings base in the UK, which has diminished proportionately as the North American interests enlarged. It also wanted to extend its trading interests "downstream" with an eye on the end consumer.

Further acquisitions in this field were a distinct possibility, the spokesman said.

As earlier announced, Crossley is expecting pre-tax profits of at least £1m for 1978. For the first five months profits of £292,000 have been achieved.

A scrip issue is planned to reduce the expenses of the offer but the price is still effectively 105p cash per ordinary share, and 60p cash for the preference.

BOURNE AND HOLLINGSWORTH

Bourne and Hollingsworth, the department store group, will soon have talks with various parties which may result in an offer being made.

The Board made this announcement yesterday in view of the recent rise in the share price of B and H. On Friday the shares rose quickly with the first mark of 108½p comparing with the last one of 115p. The group's leasehold property, including the Oxford Street store, was valued at October 25, 1973, at £11.3m.

TRIDANT GROUP MAY DIVERSIFY

Tridant Group Printers, the publishing group which takes in the Richmond Herald where journalists are on strike over a policy of changing the newspaper into a "free sheet," will change even further if the offer from its chairman succeeds.

In the offer document, published yesterday, from Starwest Investment, a company owned by Mr. Remo Dipre the chairman, and his wife, Mr. Dipre says Tridant may not stay predominantly a printer and publisher.

He believes that considerable new capital investment is required for the company but the level or timing of benefits from it are uncertain. This investment may not be within the company's present operating fields.

Mr. Dipre who already owns 29.06 per cent of the shares, is offering 63p in cash for the remainder. He points out that this is 18.9 per cent above the market price just before the bid.

Earlier this year, however, the price was 65p, a level Mr. Dipre attributes to bid expectations. Net tangible assets per share for the year to March 31 were 81p.

The independent directors, including Mr. A. M. Carey, the deputy chairman (who has a 3½ per cent shareholding), are opposed to the bid which they consider inadequate.

BTR LISTING

BTR announces that listing has been granted for 1,136,512 ordinary shares which have been allotted to the principal UK shareholders of **Worcester Controls Corporation Inc.** The allotment is in exchange for 191,992 Worcester shares representing 12.3 per cent of the capital valued at $5.76m.

NEWEY GROUP

The offer by **Prym-Werke** to acquire the ordinary shares of **Newey Group** not already owned has now been accepted by members. Holding 1,662,491 ordinary shares (90.4 per cent in value of the ordinary shares subject to the offer). The offer went unconditional on July 7.

BOWTHORPE

Bowthorpe Holdings—the electrical and electronic components group—has bought the **Redpoint Group**, the Swindon-based manufacturer of heat transfer systems and accessories.

Bowthorpe sees a prospect of expanded export sales for Redpoint products, and the acquisition gives an opportunity to strengthen still further its overseas sales achievements.

Raglan sheds old debt

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

Raglan Property Trust has hardly risen phoenix-like from the ashes of the property crash. But a unique reconstruction scheme unveiled yesterday means that the struggling property group has at least been able to continue to trade.

After more than a year's negotiations, Raglan's principal bankers—First National Finance Corporation, EBS Investments (formerly part of the Edward Bates' bank), National Westminster, and Kleinworth Benson—have agreed to allow their £27m loans to Raglan to be decanted into two new subsidiaries. The new companies, Wadeford and Tredray Securities, will also hold the bulk of Raglan's remaining properties.

These properties, a £4m office block in Putney, a share of the giant Leeds City Centre development financed by Guardian Royal Exchange, and development sites in Battersea and Newbury, are unlikely to be sold for anything approaching the accumulated debts transferred to the subsidiaries. But rather than precipitate the wholesale break-up of the group the banks have agreed to isolate their debts and the properties on which the debts are secured, and to leave the parent company as a quoted shell.

The parent group, which is left with no debts and net assets of around 1p a share, is to receive sufficient income from managing the subsidiaries' properties over a disposal period likely to last four years, to cover its immediate overheads.

Raglan's 10,000 shareholders, who have seen the stock plummet from a peak of 52½p in 1972 to 6p yesterday, are left with a group that retains only its shares in the Swanage Motor Road and Ferry Company, some properties in Petersfield and a 40 per cent share of a site in the Cromwell Road, S.W.7.

Now that it has shed its historic debts, the parent company plans to move back into the property world by undertaking project management contracts on a fee basis. And the parent has already landed the development management contract for the 18-acre development of Leeds Central Station site, land owned jointly by British Rail and the National Freight Corporation.

Raglan's banks have released the parent of its guarantees and obligations for loans to the new subsidiaries and will absorb any losses arising from the property disposals themselves. An idea of the potential write-off was given in 1976 with Raglan's directors' valuation of the total portfolio showing a market value £10m less than the current accumulated debts.

Caledonian Cinemas outlook

The future of profitable cinema exhibition is likely to lie in multi-screen cinemas in the larger population areas where the substantial conversion costs can be recovered over an acceptable period, says Mr. Robert Clark, the chairman of **Caledonian Associated Cinemas**, in his annual statement.

During the last two financial years the company's cinema operations suffered disruption from the tripling of the Kelbourne, Paisley, in 1976, and from the conversion of the Allanpark, in Stirling, to twin cinemas and bingo hall in the March 25, 1978, year.

Nevertheless, there were improved results from these situations, as in all of the company's divisions for the 1977-78 year; as known pre-tax profits rose from £345,000 to £468,000 on turnover of £6.35m against £4.93m. And the dividend is lifted to 3.623p (3.244p).

Mr. Clark says that Caledonian's programme of renovating and updating existing cinemas, which have profit potential, and the directors' survey of expansion into population growth areas, are not kept under constant review.

In Dunfermline, the first phase of the High Street development was completed during the year and the full annual benefits of rentals has yet to come. An application has been made for planning permission for the second phase on this site.

With effect from June 12, 1978, a significant part of the Playhouse cinema site was compulsorily acquired and the claim for compensation will now have to be determined.

Other activities of Caledonian include financing and investment dealing, letting of properties, retailing of photographic goods and audio equipment.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Alaskan operations boost Exxon in second quarter

BY DAVID LASCELLES

NEW YORK, July 24

EXXON, THE largest U.S. oil company, today reported second quarter earnings of $700m, equal to $1.57 a share, an increase of nearly 22 per cent on $575m, or $1.28 a share for the same period last year. Revenues were $15.5bn up from $14.1bn.

Earnings for the half-year totalled $1.38bn or $3.09 a share, compared with $1.22bn, or $2.72 a share in 1977.

The company said that these figures had been affected by foreign exchange fluctuations, but urged caution in assessing their importance since movements had been both favourable and unfavourable.

Mr. C. C. Garvin, chairman, said that earnings from domestic exploration and production operations in the first half of this year had gone up 26 per cent due to the start-up of Alaskan North Slope operations and higher natural gas realisations. Refining and marketing earnings had been helped by a faster rise in prices than in production costs.

Foreign earnings went up 17 per cent due to higher fuel prices and lower exploration costs in the Middle East.

Losses of $31m were incurred by international marine operations due to weaker demand, lower rates, and higher operating costs.

Worldwide capital and exploration spending so far this year totals $2.46bn, up 15 per cent on last year. Approximately half of this was in the U.S., where expenditures on exploration and production, including offshore lease buying, and new chemical plant were high.

Of total spending, just under 70 per cent was for exploration and development of new oil, gas and other energy sources, of which almost 50 per cent was in the U.S.

Mr. Garvin made no forecasts for the rest of the year, but the company reported improved returns on both capital employed and shareholders' funds.

Exxon's report emphasised that the company had deliberately not made provision for possible charges arising out of the Department of Energy's recent lawsuit which alleges that Exxon overpriced crude oil supplied from its Hawkins field in Texas "because we believe these actions are without merit."

The DOE is pressing for repayment of $183.3m plus accrued interest.

STANDARD OIL INDIANA announced net earnings for the first half of $3.66 a share against $3.56 previously, reports AP-DJ. Total net of $535.2m increased from $521.5m. Revenues of $7.8bn compares with $6.9bn.

Second quarter net of $282.7m or $1.94 a share compared with $277.3m or $1.89 and revenues of $4.1bn with $3.5bn.

The company attributed the higher first-half earnings to worldwide crude oil and natural gas liquids production, improved margin on domestic refined products and higher domestic oil and gas prices.

TRW sees continued advance

By Our Financial Staff

TRW, the diversified supplier of motor, electronics, missile, computer and engineering components and services, expects higher sales and earnings this year, having boosted net profits by more than 10 per cent in the second quarter to $46.9m from $42.5m.

Earnings per share rose to $1.48 from $1.33—on a diluted basis they were $1.27 against $1.16 — with sales growing by nearly 16 per cent to $956.3m.

During the whole of the first half, TRW's net profit jumped by 11.5 per cent to $82.7m on sales up to $1.8bn from $1.6bn. Earnings per share amounted to $2.58 compared with $2.29, or $2.25 against $2.02 when diluted.

TRW's chairman and chief executive, Mr. Ruben F. Mettler, said a loss of $4.9m for the closing of a wire and cable plant had affected earnings to date.

He predicted, however, that the closing of this plant would improve profits during the remainder of 1978 and result in "a substantial year-to-year profit" in 1979.

Singer earnings growth slows

BY OUR FINANCIAL STAFF

BURDENED by a steep rise in losses from its industrial sewing products, Singer managed no more than a marginal increase in earnings during the second quarter.

Sales moved ahead by nearly 7 per cent to $605.5m, but net profits totalled only $17.7m against $17.4m, while the per share figure inched up from 92 cents a year ago to 94 cents.

Describing results from the domestic sewing business as disappointing, Singer's chairman and chief executive, Mr. Joseph B. Flavin, said: "We now believe our U.S. sewing business will not be profitable this year."

In contrast to the depressed home market, which has slipped faster than expected, the group said that operations had rebounded in major European markets and remained strong in the developing world.

On the industrial sewing side, Singer produced a second quarter loss of $2m compared with $800,000 the previous year, with the first half deficit more than tripling to $3.4m.

For the full year, warned Mr. Flavin, losses in this area are expected "to be greater than those recorded in 1977 due to continuing production problems at our Clydebank, Scotland, plant."

Singer announced a month ago that 2,800 jobs would disappear at this factory, the group's largest, as part of a four-year streamlining operation.

Production of industrial sewing machines, hit by competition from the Far East, will be phased out at Clydebank, which has made losses for its multinational parent for the last three years.

According to Mr. Flavin, profits from continuing group operations this year will be about the same as those of 1977. "At the same time, we continue to expect that our debt reduction schedule—the company's primary objective for 1978—will be met."

At the halfway stage this year, net income of Singer totalled $38.3m, 6 per cent ahead of the $36.1m earned in the first six months of last year. This translated into a profit per share figure of $2.06 against $1.92.

Peak spending at International Harvester

CHICAGO, July 24.

INTERNATIONAL Harvester has increased its capital appropriation plan for 1978 by $2.2m to a record $306m.

The company said it expects to generate the additional capital through international sources and it will use the funds for plant modernisation and manufacturing improvements covering 28 major projects in plants worldwide.

The new projects will support International Harvester's programme to increase plant utilisation by bringing into its own plants production of parts previously purchased outside the corporation. So far this year more than $30 in parts have been designated for shift from outside suppliers to International Harvester production in the on-going programme.

AP-DJ

BRIEFLY

Black and Decker ahead by one-third

NEW YORK, July 24.

THE electric tools maker Black and Decker had earnings for the third quarter of the current fiscal year of 40 cents a share compared with 30 cents, and also for the third quarter Alberto-Culver, which manufactures hair and beauty products, rose from 18 cents a share to 21 cents.

The chemical products manufacturer Rohm and Hass lifted earnings for the second quarter from $1.20 to $1.35 a share, while for the same period the insurance holding company Continental Corporation advanced from $1.32 a share to $1.44.

Also for the second quarter, UMC Industries, which makes vending machines, moved ahead from 54 cents a share to 63 cents, C. R. Bard, which supplies hospital and surgical equipment, rose from 55 cents a share to 68 cents, and Southern California Edison, the utility, slipped back from 84 cents a share to 69 cents.

The publishing and broadcasting organisation Media General moved up from 55 cents a share for the second quarter to 68 cents, while the railway opeartor Southern Pacific Company slipped from $1.47 to $1.12.

For the first six months of the current fiscal year, advances in earnings per share are reported by Federal-Mogul Corporation, which manufactures bearings, up from $2.39 to $2.67, containers manufacturer Crown Cork and Seal Company, up from $1.65 to $2.02, Maremont Corporation, which manufactures auto parts, ahead from $1.60 to $1.79, and the industrial gases and chemicals and manufacturer AirAgencies Products and Chemicals Incorporated, up from $1.76 to $2.

Declines in earnings per share at the six months level were reported by the conduits and lighting control devices manufacturer Crouse-Hinds Company, down from $1.02 to $1, textiles and plastic machinery maker Leesona Corporation, down from $1.86 to $1.41, and the machine tool maker Warner and Swasey Company, down from $1.43 to $1.40.

Clothing manufacturer Warnaco Incorporated recovered in the first half from a loss of 83 cents a share to 54 cents, and business equipment manufacturer Acme-Cleveland Corporation also staged a recovery with per share earnings rising from 54 cents to $2.08.

No increase in Anderson bid

HOUSTON, July 24.

ANDERSON CLAYTON'S chairman, Mr. T. J. Barlow, said the company will not make another offer to acquire the stock of Southwestern Group Financial.

Earlier today Southwestern's directors declined to recommend to shareholders that they accept Anderson Clayton's offer to acquire all of Southwestern's stock at $14 a share.

The Anderson offer, contingent upon Southwestern's Board recommending it to shareholders, was due to expire tomorrow night.

AP-DJ

Switch in Chrysler's financing policy

BY JOHN WYLES

NEW YORK, July 24.

CHRYSLER CORPORATION'S financing subsidiary is to withdraw from the public debt markets for at least 18 months so as to maximise the parent company's prospects of raising several hundred million dollars of badly needed long-term funding.

This is a novel element in the company's strategy to raise up to $7.5bn over the next five years to re-equip its plants and to develop a new range of cars and trucks. Having surveyed its credit-raising opportunities the third largest U.S. car producer has concluded that the parent company may suffer through competition in the credit markets with its subsidiary, Chrysler Financial Corporation.

Chrysler Financial has a counterpart in both General Motors and Ford. It helps finance wholesale purchases of cars and trucks by Chrysler dealers and also makes credit available for consumer purchases. The company is extremely active in the debt markets and has made an arrangement with 23 banks to cover its needs during the period of withdrawal.

In the first agreement of its kind involving Chrysler, the banks have agreed to buy up to $615m of the company's accounts receivable, based on the company's short-term wholesale loans. The banks have set a discount for interest 1¼ per cent above the prime rate but, according to Chrysler Financial, the cost of the financing facility will be comparable to the company's average cost of conventional funds.

Explaining the agreement, Mr. Gordon E. Areen, Chrysler Financial's president, said at the weekend, "There's only so much investment money coming on the market at any one time. If we are in there sopping up sizeable amounts, it is identified as Chrysler money even if it is not for the parent company. So by obtaining money to meet our needs outside the normal markets, we take our name out and leave room Chrysler."

Since announcing its $7.5bn requirement, the parent company has so far made one excursion into the debt market with a preferred stock issue in June of $250m. The company has not quantified how much more outside debt will be needed, but a number of assessments have arrived at a total of $300m to $800m, depending on the company's ability to finance developments out of retained earnings.

The actual requirement may prove to be near the higher of the two figures because of Chrysler's uncertain earnings prospects. The company could lose around $100m this year and may still be struggling for profits in 1979 which is expected to be a poorer sales year for the U.S. motor industry.

Setback for Kaiser Resources

BY ROBERT GIBBENS

MONTREAL, July 24.

KAISER RESOURCES, the major coal producer in Western Canada which plans to buy Ashland Oil Canada for between C$400m and C$500m, reports earnings of C$12.2m in the second quarter, equal to 46 cents (Can.) a share, against C$16.2m or 60 cents (Can.) restated. Revenues were C$74m against C$84m.

First half earnings were C$25.6m or 96 cents a share against C$30.7m or C$1.15, on revenues of C$153m, against C$160m.

Lower second quarter earnings were attributed to reduced metallurgical coal shipments. The company is continuing to negotiate new sales contracts with Japanese customers retroactive to April 1.

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AS A sequel to changes in control of the private holding company Ravelston Corporation, Toronto, Mr. Nelson Davis has been named chairman of Argus Corporation and Mr. Conrad Black president, Robert Gibbens writes from Montreal. President Argus is a publicly quoted holding company which in turn controls such large Canadian companies as Massey-Ferguson, Domtar and Dominion Stores. Ravelston owns 62 per cent of Argus stock, and Mr. Conrad Black and his brother, Mr. G. Montegu Black, recently raised their interest in Ravelston from 22.4 per cent to 62 per cent by acquiring stock from the Meighen interests and from the widows of two associates of Argus' founder financier Mr. E. P. Taylor.

Argus also gets a new executive vice-president and Mr. H. N. R. Jackman becomes vice-president. Former executive vice-president Mr. A. Bruce Matthews becomes deputy chairman, a new position. The moves complete the new line-up at Argus expected after the consolidation of control through Ravelston by the Conrad Black group. Some major policy changes in the operation of Argus are widely expected

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Westinghouse Canada, the electrical equipment group, had first half earnings of C$4.7m or C$1.76 a share on revenues of C$193m against C$7.2m or C$2.69 on revenues of C$176m a year earlier writes Robert Gibbens. Second quarter results were affected adversely by a strike at three manufacturing plants in Ontario. Revised company offers have been made to members of United Electrical Workers.

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Texaco Canada had first-half earnings of C$77.2m or C$2.20 a share, against C$70.2m or C$1.97 on revenues of $948m (C$819m). Production earnings were higher but refined products margins were tight, writes Robert Gibbens. The company wants the Federal Government to relax restrictions on exports of refined products, partly to help its new Nanticoke refinery in Ontario, which should be fully operational by this autumn.

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Alcan Aluminium confirmed its feasibility study on a proposed 150,000 tons aluminium smelter in Iran will be completed in September, Robert Gibbens writes. Discussions will then begin with the Iranian government assuming the report is favourable on technical and economic grounds. The feasibility study has been in progress for nearly two years and Alcan sources say it is expected to favour the smelter.

Alcan would not confirm reports of capital costs. These have ranged from U.S.$200m to $500m depending on the degree of fabrication to be included.

Good half-year for Bank of Brazil

By Diana Smith

RIO DE JANEIRO, July 24.

BRAZIL'S LARGEST commercial bank, the Bank of Brazil, part State-owned and part public company, has had a good half-year, making a gross profit of Cr 16.4bn ($917.9m) in the first six months of 1978.

The Bank paid out Cr 2.25bn in dividends ($125.8m), at the rate of Cr 0.08 (0.004 cents) a share.

Net profit after tax totalled Cr 5.227bn ($292m)

EUROBONDS

DM sector steadier

By Francis Ghilès

THE BOND markets were quiet yesterday, particularly in the dollar sector. Prices were easier where changed with floaters still under pressure. Turnover remained small.

In the Deutsche mark sector prices recovered by one half to three quarters of a point but dealers said this was essentially on technical grounds.

Unlike all days last week when it bought varying amounts of domestic DB bonds to support the market, the Bundesbank sold domestic bonds yesterady, between DM20 and DM40m worth of them.

The DM100m bond for Norges Kommunalbank was priced at par with conditions unchanged by lead manager Westdeutsche Landesbank. The terms of the DM100m Chase Manhattan bond will be announced today, one day later than initially expected.

The terms of the DM40m Korakuen Stadium Company convertible which is being arranged by Berliner Handels und Frankfurter Bank are an 8½-year maturity and an interest rate of 3½ per cent. The conversion premium is expected to be 10 per cent and final terms are due on July 31.

Strong showing by Foremost McKesson

SAN FRANCISCO, July 24.

RECORD first-quarter earnings have been achieved by Foremost-McKesson and the company continues to expect fiscal 1979 results to substantially improve on the goal of 10 per cent increases in sales and earnings from year to year, states Mr. Thomas E. Drohan, president and chief executive.

For the quarter ended June 30 earnings for the diversified concern with interests in food, chemicals, drugs, wine and spirits and land development were up more than 40 per cent from the net of $8.9m or 64 cents a share, earned in the corresponding period of 1977. First-quarter sales topped last year's $718.8m by better than 8 per cent, Mr. Drohan added.

The president said the performances of the five major businesses of the company were "excellent across the board." The "star" performers were the wine and spirits group and the drug operations. Both were up strongly from last year's levels. "They are both showing healthy results of our 2½ years of consolidations and closings," Mr. Drohan remarked.

The chemical group is also showing good increases in both sales and gross margins. The food group matched the solid performance of last year's corresponding quarter despite increased costs associated with some expansions.

The record first quarter "strengthened our convictions" that the full fiscal year will exceed last year by better than the company's goal of 10 per cent sales and earnings increases. In fiscal 1978 ended March 31, Foremost-McKesson earned $44.8m or $3.27 a share on sales of $3.05bn.

AP-DJ

U.S. QUARTERLIES

AVON PRODUCTS

Second Quarter	1978 $	1977 $
Revenue	462.2m	360.4m
Net profits	48.8m	37.9m
Net per share	0.84	0.65
Six Months		
Revenue	826.9m	669.1m
Net profits	80.6m	63.8m
Net per share	1.39	1.10

BRISTOL-MYERS

Second Quarter	1978 $	1977 $
Revenue	590.0m	548.1m
Net profits	44.2m	48.8m
Net per share	0.74	0.67
Six Months		
Revenue	1.17bn	1.09bn
Net profits	90.2m	80.1m
Net per share	1.37	1.21

BRUNSWICK CORP.

Second Quarter	1978 $	1977 $
Revenue	294.0m	252.4m
Net profits	16.2m	10.5m
Net per share	0.82	0.53
Six Months		
Revenue	548.6m	513.4m
Net profits	25.1m	22.5m
Net per share	1.27	1.14

CLUETT PEABODY

Second Quarter	1978 $	1977 $
Revenue	126.0m	135.0m
Net profits	3.67m	3.46m
Net per share	0.37	0.35
Six Months		
Revenue	264.0m	273.0m
Net profits	8.57m	8.25m
Net per share	0.86	0.83

COMBUSTION ENGINEERING

Second Quarter	1978 $	1977 $
Revenue	623.7m	507.4m
Net profits	19.7m	16.5m
Net per share	1.22	1.02
Six Months		
Revenue	1.12bn	938.4m
Net profits	34.7m	29.4m
Net per share	2.15	1.82

DR. PEPPER

Second Quarter	1978 $	1977 $
Revenue	74.2m	59.9m
Net profits	6.5m	5.4m
Net per share	0.32	0.27
Six Months		
Revenue	128.9m	104.4m
Net profits	11.3m	9.8m
Net per share	0.56	0.49

GILLETTE

Second Quarter	1978 $	1977 $
Revenue	417.2m	376.9m
Net profits	25.8m	18.1m
Net per share	0.86	0.60
Six Months		
Revenue	815.9m	764.8m
Net profits	48.1m	43.2m
Net per share	1.60	1.43

HERCULES

Second Quarter	1978 $	1977 $
Revenue	509.1m	447.5m
Net profits	28.0m	19.8m
Net per share	0.64	0.46
Six Months		
Revenue	948.1m	845.9m
Net profits	46.1m	32.7m
Net per share	1.06	0.76

HOBART

Second Quarter	1978 $	1977 $
Revenue	148.0m	123.0m
Net profits	8.5m	7.1m
Net per share	0.74	0.62
Six Months		
Revenue	259.0m	231.0m
Net profits	12.7m	12.3m
Net per share	1.12	1.08

IMPERIAL OIL

Second Quarter	1978 $	1977 $
Revenue	1.36bn	1.19bn
Net profits	74.0m	63.0m
Net per share	0.57	0.49
Six Months		
Revenue	2.66bn	2.35bn
Net profits	146.0m	139.0m
Net per share	1.12	1.07

KELLOGG

Second Quarter	1978 $	1977 $
Revenue	409.7m	386.6m
Net profits	36.9m	36.0m
Net per share	0.49	0.47
Six Months		
Revenue	818.6m	759.2m
Net profits	79.2m	77.4m
Net per share	1.04	1.01

MUNSINGWEAR

Second Quarter	1978 $	1977 $
Revenue	24.9m	24.5m
Net profits	*137,512	381.1m
Net per share	—	0.29
Six Months		
Revenue	57.9m	54.8m
Net profits	1.8m	2.2m
Net per share	1.37	1.62

* Loss.

NATIONAL STEEL

Second Quarter	1978 $	1977 $
Revenue	924.8m	852.2m
Net profits	31.5m	25.0m
Net per share	1.64	1.30
Six Months		
Revenue	1.8bn	1.6bn
Net profits	34.0m	30.1m
Net per share	1.77	1.56

A. H. ROBINS

Second Quarter	1978 $	1977 $
Revenue	87.0m	74.9m
Net profits	7.4m	7.0m
Net per share	0.29	0.26
Six Months		
Revenue	176.3m	148.6m
Net profits	16.4m	13.6m
Net per share	0.63	0.52

SANTA FE INDUSTRIES

Second Quarter	1978 $	1977 $
Revenue	528.7m	473.0m
Net profits	37.6m	47.1m
Net per share	1.37	1.77
Six Months		
Revenue	1.0bn	895.0m
Net profits	67.0m	83.6m
Net per share	2.43	3.15

SHERWIN-WILLIAMS

Second Quarter	1978 $	1977 $
Revenue	318.6m	288.9m
Net profits	8.1m	7.3m
Net per share	1.46	1.31
Six Months		
Revenue	550.5m	508.1m
Net profits	6.4m	2.0m
Net per share	1.08	0.27

SOUTHERN PACIFIC

Second Quarter	1978 $	1977 $
Revenue	592.2m	547.4m
Net profits	30.4m	39.6m
Net per share	1.12	1.47
Six Months		
Revenue	1.12bn	1.01bn
Net profits	47.0m	67.0m
Net per share	1.74	2.49

STUDEBAKER

Second Quarter	1978 $	1977 $
Revenue	354.7m	313.0m
Net profits	20.4m	18.6m
Net per share	2.70	2.38
Six Months		
Revenue	672.5m	602.2m
Net profits	37.5m	33.2m
Net per share	4.83	4.22

3M

Second Quarter	1978 $	1977 $
Revenue	1.17bn	1.0bn
Net profits	143.1m	108.5m
Net per share	1.23	0.94
Six Months		
Revenue	2.25bn	1.94bn
Net profits	262.4m	195.2m
Net per share	2.28	1.69

UNION PACIFIC

Second Quarter	1978 $	1977 $
Revenue	738.8m	617.7m
Net profits	63.5m	54.7m
Net per share	1.34	1.15

INTL. FINANCIAL AND COMPANY NEWS

Thomson-CSF in Saudi venture

BY ROBERT MAUTHNER

PARIS, July 24.

THOMSON-CSF, part of the French Thomson electronics and telecommunications group, has set up a subsidiary in Saudi Arabia with the Arab Organisation for Industrialisation. The new company will manufacture electronic equipment for aircraft and air communications.

Thomson-CSF has subscribed 30 per cent of the new company's initial capital of $25m, while the remaining 70 per cent is held by the AOI. The joint subsidiary, called the Arab Electronic Company, will be situated at Al Kharj, 60 miles south of the Saudi Arabian capital of Riad.

The Arab Electronic Company will manufacture and maintain radar and aircraft radio-communication equipment, as well as a variety of other civilian and military electronics systems. Its products will be manufactured under licence from various international companies, including Decca Limited of the UK, which has sold a licence to the new company for its Dottler navigation equipment.

The $1bn capital of the Arab Organisation for Industrialisation is held in equal parts by Saudi Arabia, Egypt, the United Arab Emirates, and Qatar.

Our correspondent in Jeddah writes: Production at Arab Electronic is expected to commence within two years, according to Saudi Defence Minister Prince Sultan, who is President of the organisation's Higher Council of Defence Ministers. It is understood that the plant may eventually manufacture components for air defence and control systems which are presently under negotiation with the French aerospace and electronics industry. These negotiations are reported to include discussions with Thomson and Matra for a French surface-to-air missile system, and received encouragement with the signing three months ago of a memorandum of co-operation between the organisation and the French Government.

The Thomson agreement is the fifth such joint venture between the organisation and a foreign company since its formation in April, 1975.

But it is the first agreement for a plant outside Egypt. The electronics industry was considered suitable for Saudi Arabia because of its relatively modest requirement for medium-skilled manpower, of which there is a critical shortage here.

● CFP (Cie Francaise des Petroles) has taken a 15 per cent stake in a newly created company Abu Dhabi Gas Industries which will process and export gas produced from oilfields in Abu Dhabi. The $1.6bn cost of the project will be financed 75 per cent by borrowings, the company told Reuter.

CFP will guarantee the engineering studies for the extraction plants while the Royal Dutch Shell group, which also holds 15 per cent of the new company, will guarantee the cracking. The Abu Dhabi National Oil company will have a controlling 68 per cent shareholding.

Honeywell Bull profit sharply increased

By Our Own Correspondent

PARIS, July 24.

FRANCO-AMERICAN computer group CII-Honeywell Bull has sharply increased profits on a modest rise in sales for the first six months of 1978.

Consolidated net profit for the first half of this year rose to FFr 71.8m ($16m) after tax from FFr 42m during the first six months of 1977. Turnover increased to FFr 1.85bn from FFr1.65bn: some 51 per cent of sales were accounted for by foreign operations.

The figures compare with net profits of FFr 144m for 1977 as a whole, the first full year since the merger of the French company, CII and the bi-national Honeywell Bull. Turnover last year was FFr 3.8bn.

The results for the half year are particularly encouraging, given the fact that French Government subsidies totalling FFr. 1.2bn over a four-year period, ending in 1980, are virtually being phased out.

During the half year, the group's state subsidy totalled FFr 137.5m, little more than half the sum of FFr 235.4m contributed by the French Treasury during the same period of 1977.

Norske Creditbank ahead

By William Dullforce

STOCKHOLM, July 24.

DEN NORSKE Creditbank, Norway's largest commercial bank, made an operating profit before depreciation and tax of NKr 93.2m ($17.2m) in the first four months of this year, an improvement of NKr 21.5m over the corresponding period in 1977. Earnings are usually higher during the first four months than during the rest of the year, but the management still expects to turn in a "satisfactory" profit for 1978 as a whole.

The interim profit growth was achieved in spite of a decline in net interest income, which dipped from 2.66 to 2.34 per cent of average capital employed. This decline was caused by the authorities' tight liquidity control, which boosted interest charges substantially faster than interest income.

The major factor in DnC's profit growth during the first four months was its foreign currency dealing, but the management notes that this source of income can vary considerably.

In the year to the end of April the bank's lending had increased by 11.3 per cent, which meant that it was already approaching the credit limit set by the authorities for the second half of the year. To conform to official regulations DnC has also had to increase its holdings of bearer bonds by 23.4 per cent during the period.

Deutsche Babcock satisfactory

BY GUY HAWTIN

FRANKFURT, July 24.

DEUTSCHE BABCOCK, the boiler-making, power generation equipment and heavy engineering group, today announced that business during the first nine months of the current year was "comparatively satisfactory." For the 12 months as a whole, sales are expected to rise and orders are certain to exceed the 1976-77 total.

This year—which ends on September 30—has not been an easy one for the capital equipment industry. The group points out in its latest shareholders' circular that industrial capital investment at home has been thoroughly unsatisfactory for a long time, while West German exports have been adversely affected by the weakness of the dollar.

Despite this, the group's management is expecting to see the overall business performance improve. It predicts that, in all probability, the group will make "a satisfactory" profit.

Domestic demand during the first nine months was marked by an "almost complete" lack of bookings from the power generation utilities, as well as a low level of investment by main industrial customers and the local authorities, said the report.

However, despite a considerable stiffening of competition in the international market place, Deutsche Babcock managed to land a reasonable number of important contracts for complete plants.

At the end of the first nine months, the order volume totalled DM 3.65bn ($1.8bn)—a little higher than the DM 3.63bn reported in the same period of 1976-77. Domestic orders fell back by 1 per cent to DM 1.35bn, while overseas bookings improved by 2 per cent to DM 2.31bn.

Sales declined slightly but only for technical accounting reasons, said the report. They declined from DM 2.02bn to DM 1.92bn. Order books of the production subsidiaries rose by 14 per cent from DM 8.52bn to DM 9.69bn.

Austrian State bond

The Austrian Government is to float ASch 1.5bn ($102m) bond on the domestic capital market from tomorrow, reports Reuter from Vienna. The issue, which will be floated in three tranches of 15, nine and eight years, is yet to be priced but is expected to be offered at par. It will carry a coupon of 7¾ per cent.

Japanese reduce stake in Hellenic Steel

BY OUR OWN CORRESPONDENT

ATHENS, July 24.

PLANS FOR an increase in capital and a major change in shareholder structure are announced by Hellenic Steel, which operates a steel mill in Northern Greece near Salonica.

The company's capital is to be doubled to $24m. At the same time, the two major shareholders, C. Itoh and Nippon Kokkan of Japan which between them own 60 per cent Hellenic Steel will reduce their shareholding to 44 per cent.

The National Investment Bank for Industrial Development, which is controlled by the Greek government, will increase its shareholding from 17 per cent to 36 per cent. The remaining 20 per cent will be split between Consortium de Valeurs Mobilieres Covamo of France and Finsider International SA of Luxembourg. The two Japanese companies will continue to manage the company.

Hellenic Steel was established under a 1962 agreement between a Greek-American businessman, Mr. Tom Pappas of Massachusetts, and the Greek government. Mr. Pappas undertook to invest $49m for an integrated steel mill with an annual capacity of 250,000 tons of flat steel.

About $38m was invested, mostly in a steel plant which by-passes the steel-making and hot-rolling stages. Despite several extensions and revisions to the agreement, Mr. Pappas had eventually to pull out. Majority shareholding then passed to Itoh and Nippon Kokkan.

The Hellenic Steel contract was among 15 agreements signed or revised during the 1967-74 military dictatorship in Greece which were re-examined and further revised by the present government. Minister for Co-ordination Constantine Mitsotakis said that under the revised agreement Hellenic Steel will invest $100m to expand present facilities and double production to 750,000 tons of cold rolled steel.

Kaufhof sales ahead

Group turnover, excluding the travel division, of major West German retailer Kaufhof rose to DM 3.23bn in the first six months this year from DM 3.08bn in the comparable 1977 period, an increase of 4.9 per cent, reports Reuter from Cologne. Turnover includes DM 2.56bn recorded by the parent company and DM 672m by the subsidiary Kaufhalle GMBH. Sales area during the six months rose 1.1 per cent to 943,500 square metres and the number of group employees fell 1.6 per cent to 53,200.

Kaufhof does not disclose interim profit figures. Earlier this year expectations were for a "not unsubstantial" earnings improvement this year.

Sika Finanz earnings fall

By John Wicks

ZURICH, July 24.

GROUP TURNOVER of Sika Finanz, of Zug, the international building chemicals manufacturer, rose from SwFr 243.3m to SwFr 247.9m ($138m) last year. The rise in sales value is modest when compared with the increase in production volume from 129,000 to 142,000 tons, and results from the rise in the Swiss franc exchange rate. Group cash flow improved to SwFr 13.8m (SwFr 13m), with profits down to SwFr 5.4m ($3m), from SwFr 6.2m, because of increased depreciations.

The parent company, which is to pay an unchanged 6 per cent dividend for the financial year ended June 30 from net profits of SwFr 2.1m (SwFr 2m), expresses optimism for the current business period. Swiss subsidiaries are showing rising turnover and profits, while development of foreign operations is also satisfactory.

Unidal quotation

The Italian Bourse commission has decided to remove Unidal Spa shares from official bourse lists from August 1, reports Reuter from Rome. Unidal has been suspended since July 25, 1977. The state-controlled foods firm was put into liquidation at the start of this year and its activities taken over by a new firm, Sidalm Spa.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	97¾	98¼
AMEV 8pc 1987	95½	96
Australia 8½pc 1992	92¾	93¼
Australian M. & S. 9½pc '92	97¾	98¼
Barclays Bank 8½pc 1992	95	95½
Bowater 9½pc 1992	97¼	98
Can. N. Railway 8½pc 1986	95	95½
Credit National 8½pc 1986	95½	96
Denmark 8½pc 1984	98¼	99
ECS 9pc 1993	98½	99
ECS 8½pc 1997	93½	94
EIB 8½pc 1992	96	96½
EMI 9½pc 1989	98½	99
Ericsson 8½pc 1989	96¾	97¼
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8½pc 1984	97¾	98¼
Hamersley 9½pc 1992	100¾	101¼
Hydro Quebec 9pc 1992	96½	97
ICI 8½pc 1987	95½	96½
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc '91	98½	99½
Michelin 9½pc 1988	100¾	101½
Midland Int. Fin. 8½pc '92	95	95½
National Coal Bd. 8pc 1987	92¾	93½
National Wstmnstr. 9pc '86	100¾	101¼
Natl. Wstmnstr. 9pc '86 'B'	100¾	101¼
Newfoundland 9pc 1989	99¾	100¼
Nordic Inv. Bank 8½pc 1988	96½	97
Norges Kom. Bk. 8½pc 1992	95	95½
Norpipe 8½pc 1989	95	95½
Norsk Hydro 8½pc 1992	94¾	95¼
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97	97½
Prov. Quebec 9pc 1995	95	95½
Prov. Saskatchwn. 8½pc '86	97¾	98¼
Reed International 9pc 1987	92	94
RHM 9pc 1992	95	95½
Selection Trust 8½pc 1989	90½	91½
Shell Intl. Fin. 8½pc 1990	95½	96
Skand. Enskilda 9pc 1991	98	98½
SKF 8pc 1987	91	91½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94

NOTES	Bid	Offer
Australia 7½pc 1984	93¾	94¼
Bell Canada 7½pc 1987	96½	97
Br. Columbia Hyd. 7½pc '85	93½	94
Can. Pac. 8½pc 1984	97¾	98¼
Dow Chemical 8pc 1986	98½	99
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	94	94½
EEC 7½pc 1982	96	96½
EEC 7½pc 1984	94	94½
Enso Gutzeit 8½pc 1984	98	98½
Gotaverken 7½pc 1982	94½	95
Kockums 8pc 1983	97½	98
Michelin 8½pc 1983	98½	99½
Montreal Urban 8½pc 1981	99½	100½
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8½pc '83	99	99½
New Zealand 8½pc 1986	95½	96
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95¾	96¼
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	99½	100
S. of Scot. Elec. 8½pc 1981	98½	99
Sweden (K'dom) 7½pc 1982	94¾	95¼
Swedish State Co. 7½pc '82	95	95½
Telmex 9½pc 1984	99	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94½	95½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	92½	93½
Courtaulds 9½pc 1989	90½	91½
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	96¾	97¾
EIB 9½pc 1992	93¾	94½
Finance for Ind. 9½pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97¾	98¾
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10½pc 1989	90	91
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	90½	91½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	94¾	95½
BNDE 6½pc 1986	95½	96
Canada 4½pc 1983	97	97½
Den Norske Id. Bk. 6pc '90	99¾	100½
Deutsche Bank 4½pc 1983	96½	97½
ECS 5½pc 1990	91½	92
EIB 5½pc 1990	91½	92
Elf Aquitaine 5½pc 1988	93½	94½
Euratom 5½pc 1987	97	97½
Finland 5½pc 1986	94	94½
Forsmarks 5½pc 1990	94½	95½
Mexico 6pc 1985	95½	96
Norcem 5½pc 1989	98½	99½
Norway 4½pc 1983	97	97½
Norway 4½pc 1983	98	98½
PK Banken 5½pc 1988	94½	95½
Prov. Quebec 6pc 1990	96	96½
Rautaruukki 5½pc 1988	94	94½
Spain 6pc 1988	95	95½
Trondheim 5½pc 1988	95½	96
TVO Power Co. 6pc 1988	96½	97
Venezuela 6pc 1988	95	95½
World Bank 5½pc 1990	96	96½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	98¾	99¼
BFCE 1984 8½pc	98¾	99½
BNP 1983 8 11/16pc	99¾	100¼
BOE Worms 1985 9pc	97¾	98½
CCF 1985 8½pc	98½	99¼
Chase Manhattan 1993	98½	99½
Creditanstalt 1984 8½pc	98¾	99¼
DG Bank 1982 9pc	99½	100
GZB 1981 8 1/16pc	99½	100
Intl. Westminster 1984 8pc	98¾	99¼
Lloyds 1983 8 13/16pc	99½	100½
LTCB 1983 8pc	99	99½
Midland Int. FS '87 8 9/16pc	98½	99
Midland Int. FS '93 9 7/16pc	96½	98¼
Nat. Westminster '90 9 5/16pc	98½	99
OKB 1983 8½pc	99½	100
SNCF 1985 8½pc	98½	99¼
Stand. and Chtrd. '84 8½pc	98½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	81	82½
Ashland 5pc 1988	95½	97
Babcock & Wilcox 6½pc '97	109½	110½
Beatrice Foods 4½pc 1992	97	98½
Beatrice Foods 4½pc 1992	108	109½
Beecham 6½pc 1992	102½	103½
Borden 5pc 1992	99	100½
Broadway Hale 4½pc 1987	75½	77
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	127½	129
Dart 4½pc 1987	80½	82
Eastman Kodak 4½pc 1988	83½	85
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	79	80½
Ford 5pc 1988	85	86½
General Electric 4½pc 1987	80	81½
Gillette 4½pc 1987	80½	82
Gould 5pc 1987	116½	118
Gulf and Western 5pc 1988	86½	88
Harris 5pc 1992	192½	194½
Honeywell 6pc 1986	86½	88
ICI 6½pc 1992	90	91
INA 6pc 1997	95½	97
Inchcape 6½pc 1992	113	114
ITT 4½pc 1987	79½	80
Jusco 6pc 1992	119½	120½
Komatsu 7½pc 1990	140	141
J. Ray McDermott 4½pc '87	144	146
Matsushita 6½pc 1990	181	182
Mitsui 7½pc 1990	132½	133½
J. P. Morgan 4½pc 1987	99	99½
Nabisco 5½pc 1988	103½	105
Owens Illinois 4½pc 1987	116	117½
J. C. Penney 4½pc 1987	75½	77
Revlon 4½pc 1987	123	124½
Reynolds Metals 5pc 1988	82½	84
Sandvik 6½pc 1988	111½	113
Sperry Rand 4½pc 1987	92	93½
Squibb 4½pc 1987	83	84½
Texaco 4½pc 1988	78	79½
Toshiba 6½pc 1992	134½	135½
Ty Co. 8pc 1984	77½	79
Ty Co. 9½pc 1988	102¾	103¾
Union Carbide 4½pc 1982	91½	93
Warner Lambert 4½pc 1987	80½	82
Warner Lambert 4½pc 1988	76½	78
Xerox 5pc 1988	77	78½

Source: Kidder, Peabody Securities.

Setback for APM despite increase in turnover

BY JAMES FORTH

SYDNEY, July 24.

EARNINGS AT Australian Paper Manufacturers, the major paper, timber and board group, fell by 3.2 per cent, from A$18.1m. to A$17.5m ($20.1m) in the year to June 30. The directors gave little explanation for the decline other than to refer to the static conditions prevailing in the Australian economy and the continuing escalation of costs.

The lower earnings came about despite a 7.5 per cent increase in group turnover, from A$302m to A$324m ($372m).

The profit reduction would have been greater but for a 20.5 per cent lower provision for tax, down from A$7.1m to A$.6m. This was largely the result of a rebate on dividends received and reductions from differences between company and provisions and afforestation activities.

One factor which affected the group during the year was the Victorian power strike, late in 1977, which was largely responsible for a 5 per cent fall in profit for the first half-year.

The group's pulp and paper board manufacturing subsidiary, Cellulose Australia lost A$974,000 for the year, while its sawmilling subsidiary, APM Wood Products lost A$598,000. The 50 per cent interest in Pyneboard, which had been losing money, was sold during the year to the other shareholder, CSR.

The dividend is held at 10 cents a share, including a final payout of 6 cents, and is covered by earnings of 11.8 cents. In the previous year the earnings were 15.5 cents a share.

* * *

Pacific Film has announced an effective rise of 20 per cent in its interim dividend, despite a 22.7 per cent drop in profit for the half-year ended June 30, reports AP-DJ from Sydney.

The interim dividend will be 2.25 cents per 25 cent share. The company's capital was increased last February by a one-for-five rights issue made at a 10 cent premium.

Profit was down in the period to A$1.21m (U.S.$1.4m), compared with the year earlier A$1.6m. Turnover was up 9.5 per cent to A$30.3m.

Downturn by Alcoa Australia at midway

By Our Own Correspondent

SYDNEY, July 24.

ALCOA of Australia, the local offshoot of the U.S. aluminium group, suffered a 25 per cent drop in profit for the six months to June 30, from A$33.8m to A$25.4m ($US29.2m). This is the first time that the group has disclosed earnings for the first half of a year. In the full 1977 year the group earned a record A$62.5m.

The directors said that the lower profit for the first half reflected slightly lower shipments for both alumina and aluminium and higher costs when compared with the previous corresponding period. Despite the lower shipments revenue rose from A$207m to A$219m (US$251.7m), reflecting some improvement in prices. Production costs rose in the period. The directors warned that the results were not necessarily an indication of the result for the full year

Woolworths earnings rise helped by cost cutting

BY RICHARD ROLFE

JOHANNESBURG, July 24.

WOOLWORTHS, the South African group which has over 60 stores throughout South Africa, and maintains links with Marks and Spencer, has reported a further advance in profits for the year ended May 31, completing 25 years without a profits setback. On turnover up from R138m to R149m ($171.26m), net income before tax rose from R21.2m to R23.4m ($26.9m) and after tax income is up from R11.8m to R13.4m ($15.4m).

Earnings per share are up from 40.8 cents to 46.1 cents and the dividend for the year has been raised from 16 cents to 19 cents. The shares at 380 cents yield 5 per cent, maintaining the group's long-established premium rating, and compare with the 1977 low of 252 cents.

In the past year, Woolworths has concentrated more on clothing and textiles and less on food retailing, and the mix of sales is now probably about 80 per cent in favour of clothing. The group has also paid strict attention to cutting costs, even to the extent of refraining from sending Telex messages or making long distance telephone calls on a Friday. Judging by the improvement in margins, the approach seems to have paid off.

* * *

FEDERALE Kunsmis, one of the leading manufacturers of fertilisers and basic chemicals, has reported an advance in pre-tax profits from R3.9m to R5.2m ($5.98m). The main reason for the improved performance is a reduced loss at the group's phosphoric acid plant, where the tonnage manufactured and exported was higher than in the previous year and also sold at better prices, apparently about $240 per ton, writes Richard Rolfe from Johannesburg.

The group transferred R0.5m, compared with R0.7m last time from deferred investment allowance account so that total profit up from R4.5m to R5.8m is shown. After tax and deferred tax, net attributable income is up from R2.7m to R3.2m and earnings per share from 6.3 cents to 7.5 cents.

The interim dividend has been held at 4 cents but there is no indication as to the final, which was 12.5 cents last year. Improving profits, are forecast to continue for the rest of the year, and the probability of declining capital spending needs in the short term could permit an increase. At 190 cents, the shares yield an historic 8.7 per cent.

Zambia Airways profit up 570%

By Our Financial Staff

ZAMBIA AIRWAYS achieved a declared net profit increase of 570 per cent from K0.226m to K1.514m and a 25 per cent increase in passengers flown in 1977, said Brigadier General E. M. Haimbe, the managing director.

The improvement took place despite the company effectively "flying with one regional wing tied behind our back" he commented.

"When airspace beyond Zambia's Southern Frontier becomes friendly, our African route map can assume its natural shape and we look forward to Lusaka-Salisbury Johannesburg services in mutually beneficial operation by 1979."

The company said that its 1977 annual report must make reassuring reading for the IMF which recently underwrote the Zambian economy by $390m. Regional traffic rose by 40 per cent (as a result in part to East African Airways demise), intercontinental traffic by 28 per cent, domestic traffic by 9 per cent, intercontinetal cargo by 86 per cent and aircraft numbers by 1—a B707 freighter acquired from Qantas.

Current international recruitment advertising for 707 and 737 captains indicates the airline's expansive mood, and the report reveals that the "Zambianisation" programme resulted in the qualification of 39 first officers and flight engineers and 41 ground engineers last year. ZA's administration is already almost 100 per cent Zambian.

Brigadier General Haimbe, on his way through London to finalise acquisition of a Boeing flight simulator, confirmed that plans are now hardening for the purchase of a wide-body passenger airliner.

Progress towards CDs in Japan

TOKYO, July 24.

BROAD AGREEMENT on the scope of commercial bank's business endorsing a plan to float certificates of deposits (CDs) on the Japanese capital market, has been reached by a panel of a Government advisory body on financial policy, the Finance Ministry announced.

The Agreement is the result of a seven-month meeting of a sub-committee on banking established by the Committee on Financial System Research, chaired by the former governor of the Bank of Japan, Tadashi Sasaki.

Flotation of CDs by commercial banks on the domestic capital market is not currently authorised by the Finance Ministry.

A report issued by the sub-committee supported higher ceilings on the flotation of three long-term credit banks—the Industrial Bank of Japan the Long-Term Credit Bank of Japan and the Nippon Credit Bank—and by the Bank of Tokyo.

It also supported flotation of bonds on overseas capital markets by Japanese commercial banks to help expand ways of fund raising.

The report will be submitted to the committee for further study.

* * *

The Japanese Government is reported to have decided to invest more than Y30bn in the African Development Bank

The Yomiuri Shimbun, a major daily, reports that, according to Government sources, the government is attempting to win membership in the Ivory Coast-based bank, officials of which were scheduled to arrive in Tokyo last weekend to meet the Finance Minister, Tatsuo Murayama, among other Japanese officials.

* * *

Fujita Corporation the Japanese construction concern has announced a 73 per cent fall in net profits for the half-year to May 31, to Y730m ($3.6m), from Y2.67bn.

Revenues were Y129.563bn ($638m), against Y123.31bn.

The company forecast that its net profit for the year ending November 30 at Y2bn, down 14.5 per cent from Y2.34bn last year, on revenues of Y285bn, up 10.7 per cent from Y257.365bn.

* * *

Sankyo Company, the pharmaceuticals manufacturer, reports consolidated net income of Y3.21bn ($15.6m) for the year ended March 31. Sales were Y194.43bn ($958m). These are the first consolidated figures released by the company.

Agencies

Good response to General Oriental offer

By Anthony Rowley

HONG KONG, July 24.

GENERAL ORIENTAL, Sir James Goldsmith's quoted investment vehicle here is pleased with the response of minority shareholders to the offer made in connection with the company's acquisition of Argyle Securities (Holdings), and Related Transactions.

The capital of General Oriental is being greatly expanded through the various transactions and minority shareholders were offered a total of 6.28m shares in order to maintain their interest. The offer has now closed.

General Oriental would not disclose what proportion of the shares were taken up by minority holders and what proportion by the underwriters.

The offer to existing holders was in proportion to their existing holdings. The proceeds will not go to General Oriental but to the Panamanian company Evon, which offered to the minority some of the shares it received in payment for Argyle.

Philippines loans close to limit

BY LEO GONZAGA

MANILA, July 24.

THE GOVERNOR of the Central Bank of the Philippines Gregorio Licaros has confirmed that foreign loan approvals by the bank as of the end of June were close to the U.S.$950m ceiling on Philippine raising of commercial term external finance set by the International Monetary Fund for this year. Last year, the same situation in relation to the $860m maximum allowed for 1977 was not approached until late August.

Some of the big loan applications frozen in the latter part of last year were approved early this year. In addition the Central Bank has itself obtained various syndicated loans abroad under its 1978 foreign borrowing-relending programme amounting to $650m.

Most prospective borrowers whose applications are not in the approved list will therefore have to wait until next year, when the country will have paid all its obligations incurred under the IMF's extended fund facility and its foreign borrowings will no longer be subject to any Fund-set limitation. As an alternative, they can try to obtain a portion of the $650m borrowed by the Central Bank for relending to selected Government and private sector end-users. Some $320m of the total has been made available to a number of borrowers, including the state-owned National Power Corporation and privately-owned Marinduque Mining and Industrial Corporation, through two Government banks, the Development Bank of the Philippines and the Philippine National Bank, as relending outlets of the Central Bank.

In the meantime, there is a freeze on new foreign loan applications, and this is restricting the operations of offshore banking units (OBUs). They are temporarily forced to concentrate on offshore-to-offshore lending, since offshore-to-onshore is limited to maturities of over 15 years or of less than one year, which are not covered by the IMF ceiling or by the Central Bank prior approval requirement.

Equity move by Warren Tea

By P. C. Mahanti

CALCUTTA, July 24.

WARREN TEA, which has emerged as a large rupee company after taking over assets consisting of 11 sterling tea companies belonging to the Warren Tea Holdings of the UK will be shortly entering the market to Indianise 26 per cent of the authorised share capital of Rs 40m.

The company is the second sterling group converted into a rupee company to make a share issue to the Indian public, after Jokai India, and has no income tax liabilities according to managing director Arobindo Ray. Income tax liabilities arising out of remittance of head office commissions and secretaries fees have so complicated matters for other tea sterling groups wishing to Indianise in terms of the Foreign Exchange Regulation Act that they have not been able to make a share offer so far.

The sterling tea companies which have now amalgamted under Warren Tea have the highest output per hectare in the country at 1,984 kilograms, it is claimed.

Malayan Cement profits cut by price freeze

BY WONG SULONG

KUALA LUMPUR, July 24.

THE INABILITY to persuade the Government to agree to a price rise for cement, and rising production costs, have continued to eat into Malayan Cement Berhad's profit margins, with the group's half yearly pre-tax profits falling by 18 per cent to 2.34m ringgits (U.S.81m).

Cement is a controlled item in Malaysia and any price increase has to be approved by the Government.

Malayan Cement's 50 per cent subsidiary, Associated Pan Malaysia Cement Works, registered the biggest fall in profits—with APMC contributing only 1.36m ringgits to the group's profits compared with 2.45m previously.

The group's 50 per cent subsidiary, Damansara developments, a property developer, did much better, increasing its profits contribution from 1.5m to 1.7m ringgits.

The group's associate companies in Singapore also performed satisfactorily, particularly its shipping associate, Twincem, which boosted its profits from 1m ringgits to 1.75m ringgits.

Malayan Cement has declared a 10 per cent interim dividend, the same as previously.

Saudi bankers puzzled by equity rule

By James Buchan

JEDDAH, July 24.

THE SAUDISATION policy of the Saudi Arabian Monetary Agency (SAMA) is creating uncertainty in banking circles here over the question of whether or not Saudi banks are required to make part of the equity available to the Saudi public on the lines applying to foreign-owned banks.

The foreign-owned banks operating in Saudi Arabia must make 60 per cent of their equity available to the Saudi public. A theoretical deadline of May 31 this year was set for the banks at least to make their intentions clear. The British Bank of the Middle East, for example, was incorporated as a Saudi joint stock company here at the beginning of the month. The results of SAMA's negotiations with Citibank are expected shortly.

Bankers say that confusion over the question of the Saudi banks arises because SAMA has never made clear in the Saudisation principle whether "Saudi" or "public" is the key word in the phrase "available to the Saudi public."

Reports that SAMA was exerting pressure on the National Commercial Bank (NCB), the largest Saudi bank, have however been rejected by Sheikh Muhammad bin Mahfouz, the chief executive of the Jeddah-based bank. "The proposal that the NCB should become a public joint stock company originated with our side (more than three years ago)." he said.

The National Commercial Bank was "a Saudi bank operating under Saudi law and belongs to an entirely different category (from the foreign-owned banks) We are unlikely to go ahead with our plans until Saudisation is substantially complete."

The bank, which grew out of a money-changing house, is owned 51.5 per cent by the bin Mahfouz family, 26 per cent by Sheikh Abdul Aziz Kaki, and the remainder by the 16 heirs of Saleh Moussa Kaki and Abdullah Moussa Kaki. With assets of SR15.3bn and a balance-sheet total of SR26.3bn ($7.6bn) it is by far the largest of the kingdom's 12 banking institutions It showed a profit of SR322.6m ($94m) in the Muslim year ending December 10, 1977, on gross earnings of some SR558m.

More banks for South Korea

SEOUL, July 24.

SOUTH KOREA has given Algemene Bank Nederland and Union des Banques Arabes et Francaises (UBAF) preliminary permission to open branches here, finance ministry officials said.

UBAF is a Paris-based mideast consortium with shares held by Credit Lyonnais and leading banks in Arab countries.

The two new approvals will raise to 30 the number of foreign bank branches in Seoul.

There are also 12 foreign bank representatives offices in Seoul, and two banks have branches in the southern port of Pusan.

AP-DJ

A case of ailing labour relations in the National Health Service

BY PAULINE CLARK, Labour Staff

THIS YEAR, the public has been made aware in more dramatic terms than ever before that industrial relations in the National Health Service are in a mess. Since January, the whole range of labour problems now afflicting the health services has been exposed by one dispute or another.

Hospital electricians recently ended a work-to-rule over a pay dispute. Before that industrial action was taken at Dulwich over an operating theatre Sisters' row with a hospital porter. Greenwich District Hospital has also been disrupted by a strike over the sacking of a sister (now reinstated) who refused to work with an assistant whom she did not consider properly trained.

In a recent dispute at the Brookwood psychiatric hospital in Surrey, nurses set up a workers' council to run the hospital after complaining of "autocratic" management. And in similar style, staff at Bethnal Green Hospital in London also declared a takeover in an attempt to block plans to close their casualty unit.

All the traditional principles concerning the primary importance of the patient seem now in danger of being broken. Trade unions affiliated to the TUC—rather than the professional organisations led by such venerable stalwarts as the Royal College of Nursing and the British Medical Association—have increasingly become targets for attack.

Over the past decade, there has been a surge in their membership. The Bullock Committee's report on Industrial Democracy calculated that between 1948 and 1974 trade union membership among health service employees rose from 39 per cent of the workforce to 61 per cent.

At a recent special TUC conference on the NHS, Mr. David Lea, assistant general secretary, claimed that the proportion had now risen to two-thirds. "By any standards," he said, "this is quite the most impressive development in any industry or service in that period."

There are now 12 TUC-affiliated unions claiming a significant membership among the 1m employees of the NHS. Of the three leaders, the Confederation of Health Service Employees now has, according to the TUC, approaching 250,000 members compared with 50,000 in 1948 and 75,000 in 1969.

The National Union of Public Employees had 70,000 hospital workers—mainly ancillaries—when the NHS was created and this has grown to 240,000 of whom about one-third are nurses. Membership of the health section of the National and Local Government Officers' Association increased in the same period from 12,000 to 90,000.

These figures do not show how far doctors and registered nurses—the groups which, because of their direct contact with patients, have a greater vocational commitment to their work—are joining TUC-affiliates either in place of or in dual membership with their professional organisations. But the numbers are no longer believed to be insignificant.

Even these groups have shown that they are not immune to trade union ways of thinking. Only a year ago, 11,000 hospital consultants called for action against the Government's pay policy.

But is trade unionism really the cause of the labour troubles now afflicting the NHS? The unions themselves argue forcefully that union membership and activity are not incompatible with the need to safeguard the interests of the sick or with a vocational commitment to the job. The Brookwood hospital dispute is quoted as an example of the sort of industrial action that the trade unions believe can be taken without harming patients.

Undoubtedly, trade unionism has helped to equip the workforce for industrial action. Ten years ago there were no shop stewards as such in British hospitals to lead local action. Now there is an average of about 100 in each health district.

But the origins of hospital disputes probably lie much deeper than in the history of trade union organisation in the health service.

Professor Roger Dyson of Keele University, a leading academic in the otherwise much neglected field of NHS industrial relations, points first to the effects of Britain's economic decline and also to the lack of properly organised industrial relations machinery which has prevented hospital management from pulling itself out of the Victorian era.

No procedures

On the first point, he believes it significant that between 1968 and 1975, industrial disruption centred largely on pay. The first nationally co-ordinated action occurred in 1972 over an ancillary worker's pay claim.

Once inhibitions over taking industrial action in hospitals were overcome, local action over issues other than pay became more frequent. The disputes since 1975 have exposed the extraordinary absence of modern industrial relations machinery in the NHS. The biggest employer in the country and one of the largest in Europe with a total workforce of 1m is said by the unions to have no nationally agreed disputes or consultation procedures.

The National Health Service has apparently not learned from the classic mistakes of industry in the past. It has waited for trade union consciousness to awake before creating the infrastructure to meet the change. The Advisory, Conciliation and Arbitration Service, in its evidence to the Royal Commission on the NHS, stresses the need for an early review of its industrial relations policies and practices before a further deterioration in hospital standards takes place. Its recent evidence identified serious weaknesses at all levels of administration but emphasised the fundamental failure of the present joint machinery. "Both parties are placed in the dilemma of needing local collective bargaining and consultative machinery, where national machinery is all that is often available."

Changes are beginning to take place. Mr. David Ennals, Secretary of State for the Social Services, said in reply to a parliamentary question last April that much progress had been made on implementing the McCarthy recommendations on improving the Whitley Council joint negotiating machinery—a system which trade unions say is too cumbersome and much frustrated in its operations by the fact that 43 bodies separately represent and negotiate on behalf of their members.

Mr. Ennals raised hopes of reform in the not too distant future. "I expect the General Whitley Council shortly to consider how to establish more effective industrial relations machinery in the NHS and my Department is mounting the first of a series of intensive training courses for selected NHS officers."

Meanwhile, trade union leaders have been invited for the first time to a series of informal meetings with Mr. Ennals about how an effective disputes procedure can be constructed — particularly at regional level.

In advance of the forthcoming Royal Commission report on the NHS, they are also likely to discuss how to overcome the old-fashioned attitudes and ignorance of modern industrial relations apparent at hospital management level in the current wave of industrial disputes.

A recent TUC document complains that trade unions are badly represented at local level. Recent membership of the 14 regional health authorities (RHAs), it says, showed that of the 270 members, one-third were recommended by the local authorities whereas less than 20 were TUC nominees. On one RHA there was no TUC nominee. The TUC policy now is to press for 50 per cent of seats on the regional and area health authorities for its nominees.

Increasing worker participation with strong union involvement in the NHS management structure is being proposed by the unions as the key to improving industrial relations in the NHS and preventing local disputes in the long term.

In the meantime, however, trade unions are laying themselves open to charges that they are contributing to industrial relations disharmony. With some 300,000 workers in the NHS still not organised, the service is probably the biggest battle ground for union recruitment in the country.

Mr. Alan Fisher, general secretary of NUPE, is at present trying to sell his idea of separate "spheres of influence" to be agreed between competing unions.

But the unions' attack on the professional bodies could turn out to be even nastier. At the recent TUC conference, delegates were urged by Mr. Reg Bird of the Association of Scientific and Managerial Staffs, to throw out "anti-union" and "reactionary" professional organisations from the negotiating machinery.

One of the most obvious differences between the professional groups and the TUC affiliates is their conflicting attitudes towards industrial action. The trade unions are insistent that they retain their right to strike arguing that this power need not be exercised irresponsibly.

Although the leading registered nurses organisation, the Royal College of Nursing, became a certified union last year it has not changed its view that trade union strategy as operated in the industrial sector is inappropriate in the health service.

The professional bodies will not easily be defeated. They say they have public opinion on their side and there are also legal difficulties to be overcome if TUC affiliates are to drive them out of the existing negotiating structure.

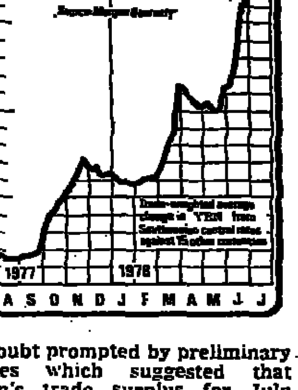
The RCN, with 90,000 members, remains confident that a large body of health service workers—in particular doctors and nurses—share its view that improvements in pay and conditions are best achieved through diplomatic pressure at high levels.

The conflict between professional and TUC affiliates seems likely to widen in the year ahead, and seriously threaten local attempts to improve industrial relations until nationally agreed reforms are introduced.

Currency, Money and Gold Markets

Dollar falls through Y200

The U.S. dollar was generally weaker against most major currencies in yesterday's foreign exchange market. Following on its poor performance in Tokyo where the yen reached Y199.05, the U.S. currency came under renewed pressure in London. The yen broke through the psycological Y200 barrier to Y197¾ before closing at a record Y197.85. The fundamentals affecting the dollar have remained basically unchanged and although the dollar received a welcome respite during the Bonn summit, there is still a good deal of concern surrounding the U.S. economy. The record levels attained by the yen were



no doubt prompted by preliminary figures which suggested that Japan's trade surplus for July could well be as large as that in June.

Although down on Friday's closing levels, the dollar finished some way off the bottom at DM 2.0440 in terms of the West German mark, having touched DM 2.0340 at one point. Against the Swiss franc, the situation was very much the same with the dollar finishing at SwFr 1.7752½ its worst closing level ever but somewhat better than the SwFr 1.7630 level seen earlier in the day. The dollar's worst level at any time against the Swiss franc was on March 2 when it touched SwFr 1.7550.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.4 per cent from 8.0 per cent on Friday.

Sterling was firmer during the morning and opened at $1.9180-1.9190 but by noon had reached $1.9340-1.9350. Mid-afternoon saw a peak of $1.9380-1.9390 before the dollar made a slight recovery possibly aided by a little profit taking and sterling finished at $1.9270-1.9280, a rise of 1.65c and its best closing level since March 8. Using Bank of England figures, the pound's trade weighted index improved to 63.0 from 62.7, having stood at 63.1 at noon and 62.8 in early dealings.

TOKYO—The U.S. dollar fell to a record closing level of Y199.05 compared with Y201.25 on Friday. The Bank of Japan bought over $400m mostly in the morning in an effort to hold the dollar above the Y200 level. It opened at Y200.10 and at this point it was probable that the Bank gave most of its support. There may have been further intervention later in European markets. However, it has been apparent for some time that the dollar would fall through Y200 and the Bank's actions have only delayed the inevitable. The volume of trading was very high at $900m in spot turnover and $738m in combined forward and swap trading.

MILAN—The lira lost ground against major European currencies and the Japanese yen. The yen reached an all-time high of L4.256 from Friday's L4.211 while the Swiss franc rose to L475.71 against L471.13 previously. However the lira was stronger against the dollar and the latter fell to L842.5 at the fixing from L845.50.

FRANKFURT—After a fairly busy spell during the morning, trading tended to fall away apart from the occasional brief flurry. The dollar was fixed at DM2.0376 compared with the previous DM2.0344. The market is now looking towards U.S. trade figures, which are due on Wednesday and the dollar's fall during the earlier part of the day was mainly attributable to its poor performance against the yen. Against 22 other currencies, the Bundesbank trade weighted mark revaluation index rose to 145.5 from 145.3 which is up 0.7 per cent from the end of 1977.

PARIS—The dollar closed sharply lower against the franc in generally nervous trading. By the end of the day the U.S. currency had fallen to FFr 4.3945, its lowest level since November 1975

THE POUND SPOT

July 24	Bank rate %	Day's Spread	Close
U.S. $	7¼	*1.9180-1.9390	1.9270-1.9280
Canadian $	8½	2.1570-2.1790	2.1670-2.1680
Guilder	4	4.22½-4.28	4.25-4.26
Belgian Fr.	6½	61.65-62.25	61.90-62.00
Danish Kr.	8	10.66-10.75	10.70½-10.71½
D-Mark	3	3.91-3.95½	3.93½-3.94½
Port. Esc.	18	87.10-88.10	87.25-87.55
Span. Pes.	8	148.40-149.65	148.90-149.00
Lira	11½	1,616-1,630	1,623-1,626½
Nrwgn. Kr.	7	10.29-10.39	10.32½-10.33½
French Fr.	9½	8.45½-8.51½	8.47-8.48
Swedish Kr.	6½	8.66-8.75	8.70-8.71
Yen	3½	380-387	381-382
Austria Sch	4½	28.25-28.45	28.28-28.38
Swiss Fr.	1	3.40½-3.43½	3.42-3.43

Belgian rate is for convertible francs. Financial franc 62.90-63.00. * Rate for £/U.S. $ on July 21 1.9035-1.9085 (spread).

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.55-0.45c pm	2.98	1.18-1.08c pm	2.35
0.60-0.50c pm	3.04	1.60-1.40c pm	2.68
2¾-1¾c pm	6.35	6-5c pm	5.17
35-25c pm	5.81	80-70c pm	4.84
1 ore pm-1 dis	par	4½-6½ ore dis	-2.16
3-2 pf pm	7.60	7⅝-6⅝ pf pm	7.23
40-140c dis	-12.56	100-400c dis	-11.67
par-100c dis	-4.03	50-150c dis	-2.69
1½-3½ lire dis	-1.86	7-9 lire dis	-1.87
2½-½ ore pm	1.74	3½-1½ ore pm	0.67
2¼-1¼c pm	2.48	5¼-2¾c pm	1.53
2¼-¼ ore pm	1.72	5-3 ore pm	1.84
3.40-2.90y pm	11.48	8.45-7.85y pm	9.07
17-7 gro pm	5.08	40-30 gro pm	4.94
3-2c pm	8.76	7⅞-6⅞c pm	8.61

Six-month forward dollar 2.20-2.10c pm. 12-month 4.40-4.30c pm.

THE DOLLAR-SPOT

July 24	Day's spread	Close
Canad'n $*	88.84-88.95	88.84-88.87
Guilder	2.2020-2.2050	2.2020-2.2035
Belgian Fr	32.07-32.13	32.07-32.09
Danish Kr	5.5580-5.5525	5.5505-5.5525
D-Mark	2.0345-2.0400	2.0390-2.0400
Port. Es	—	45.25-45.35
Lira	841.20-842.50	842.30-842.50
Nrwgn. Kr	5.3585-5.3640	5.3585-5.3605
French Fr	4.3925-4.3970	4.3940-4.3960
Swedish Kr	4.5095-4.5200	4.5180-4.5200
Yen	197.60-198.80	197.60-197.80
Austria Sch	—	14.6820-14.6900
Swiss Fr	1.7655-1.7740	1.7712-1.7722

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
par-0.02c pm	0.13	0.01-0.04c pm	0.11
0.72-0.66c pm	3.56	1.65-1.60c pm	2.94
7½-7c pm	2.75	19½-18c pm	2.38
—		—	
0.91-0.86pf pm	4.99	2.56-2.51pf pm	4.85
—		—	
3.00-3.40lire dis	-3.66	9.00-9.75lire dis	-3.76
—		—	
0.17-0.27c dis	-0.79	0.95-1.15c dis	-1.83
—		—	
1.40-1.15y pm	6.60	3.40-3.30y pm	5.86
—		—	
0.99-0.94c pm	6.16	2.90-2.85c pm	6.23

CURRENCY RATES

July 21	Special Drawing Rights	European Unit of Account
Sterling	0.653183	0.662414
U.S. dollar	1.24882	1.25403
Canadian dollar	1.40392	1.41846
Austrian schilling	18.4857	18.6403
Belgian franc	—	40.7157
Danish krone	6.98403	7.04247
Deutsche Mark	2.56558	2.58762
Guilder	2.77238	2.79166
French franc	5.54039	5.58381
Lira	1055.81	1062.57
Yen	252.262	253.423
Norwegian krone	6.75924	6.79596
Peseta	96.7236	97.3924
Swedish krona	5.67339	5.70290
Swiss franc	2.24181	2.27804

CURRENCY MOVEMENTS

July 24	Bank of England Index	Morgan Guaranty changes %
Sterling	62.98	-40.3
U.S. dollar	85.65	-8.4
Canadian dollar	84.32	-13.2
Austrian schilling	139.88	+18.6
Belgian franc	109.96	+11.6
Danish krone	114.25	+5.4
Deutsche Mark	140.41	+35.1
Swiss franc	188.72	+81.3
Guilder	119.48	+17.3
French franc	100.61	-2.9
Lira	56.23	-46.4
Yen	148.54	+46.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 24	£	$		£ Notes Rate
Argentina Peso	1,551-1,555	804.66-806.75	Austria	27¾-28¾
Australia Dollar	1.6745-1.6815	0.8687-0.8724	Belgium	62-63½
Finland Markka	8.06-8.07½	4.1760-4.1780	Denmark	10.60-10.75
Brazil Cruzeiro	34.50-35.30	17.79-18.31	France	8.35-8.50
Greece Drachma	69.2880-70.9721	35.94-36.82	Germany	3.85-4.00
Hong Kong Dollar	8.9925-9.0150	4.6530-4.6550	Italy	1580-1610
Iran Rial	132-138	68.48-71.59	Japan	380-390
Kuwait Dinar (KD)	0.518-0.528	0.2687-0.2739	Netherland	4.15-4.30
Luxembourg Franc	61.90-62.00	32.14-32.16	Norway	10.25-10.40
Malaysia Dollar	4.5370-4.5620	2.3540-2.3560	Portugal	81-87
New Zealand Dollar	1.8415-1.8495	0.9554-0.9595	Spain	1,470-1,500
Saudi Arabia Riyal	6.55-6.65	3.40-3.45	Switzerland	3.35-3.50
Singapore Dollar	4.4000-4.4175	2.2785-2.2830	United States	1.91½-1.93½
South African Rand	1.6740-1.6912	0.8685-0.8774	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 24	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.928	3.943	381.5	8.475	3.425	4.255	1625.	2.168	61.95
U.S. Dollar	0.519	1.	2.045	197.9	4.397	1.777	2.208	842.8	1.125	32.14
Deutsche Mark	0.254	0.489	1.	96.77	2.150	0.869	1.079	412.0	0.550	15.71
Japanese Yen 1,000	2.621	5.052	10.33	1000.	22.21	8.978	11.15	4258	5.682	162.4
French Franc 10	1.180	2.274	4.652	450.1	10.	4.041	5.021	1917	2.558	73.10
Swiss Franc	0.292	0.563	1.151	111.4	2.474	1.	1.242	474.3	0.633	18.09
Dutch Guilder	0.235	0.453	0.927	89.66	1.992	0.805	1.	381.8	0.509	14.56
Italian Lira 1,000	0.616	1.187	2.427	234.8	5.217	2.108	2.619	1000.	1.334	38.13
Canadian Dollar	0.461	0.889	1.819	176.0	3.910	1.580	1.963	749.5	1.	28.58
Belgian Franc 100	1.614	3.111	6.364	615.8	13.68	5.529	6.868	2622.	3.499	100.

EURO-CURRENCY INTEREST RATES*

July 24	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11½-12	7¼-8¼	7¾-8	1½-2	1¾-1⅞	3⅝-3⅞	7⅝-7⅞	9½-13½	—	1⅛-1⅜
7 days notice	11½-12	7¼-8¼	7⅞-8⅛	3-3½	3¼-3½	3⅜-3⅝	8-8¼	3-14	8-8⅛	1¾-2⅛
Month	11⅛-11½	7¾-8¼	8-8⅛	4⅝-4⅞	2⅛-2⅜	3⅛-3⅜	8⅝-8⅞	12⅛-13⅛	8⅛-8¼	1⅛-2⅛
Three months	11⅛-11½	8⅛-8¼	8⅛-8⅜	5⅜-5⅝	2⅛-2⅜	3⅜-3⅝	9⅜-9⅝	12¼-13¼	8⅛-8⅜	1⅛-2⅛
Six months	11⅝-12	8⅝-9	9-9⅛	6⅛-6⅜	2⅛-2⅜	3⅝-3⅞	10-10¼	13-14	9⅛-9¼	3⅛-3½
One year	11⅞-12¼	8¾-9⅛	9⅛-9⅜	6⅜-6⅝	2⅛-2⅜	4⅛-4⅜	10¾-11	14-15	9⅛-9⅜	3¼-3⅝

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.10-8.20 per cent: three months 8.40-8.50 per cent: six months 8.80-8.90 per cent: one year 9.00-9.10 per cent.

Long-term Eurodollar deposits: two years 9¼-9⅜ per cent: three years 9⅜-9½ per cent: four years 9½-9⅝ per cent: five years 9½-9⅝ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Denmark cuts discount rate

The discount rate of the Danish National Bank has been cut by 1 per cent. to 8 per cent from today. The rate was last changed on March 3 last year, when it was cut from 10 per cent to 9 per cent. Developments in the foreign trade balance in the April quarter have led to a modest deficit in the current account balance of payments, according to the central bank, while changes in Danish currency reserves have been small in recent months.

NEW YORK—Federal funds traded quietly at around 7⅞ per cent, while Treasury bill rates were lower. The rate for 13-week bills fell to 6.99 per cent from 7.03 per cent late Friday, while 26-week bills eased to 7.43 per cent from 7.44 per cent, and one-year bills to 7.84 per cent from 7.85 per cent.

One-month certificates of deposit were unchanged at 7.88 per cent, with two-month easing to 7.99 per cent from 8 per cent, and three-month to 8.21 per cent from 8.23 per cent.

PARIS—Day-to-day money was slightly firmer, rising to 7¾ per cent from 7⅝ per cent. One-month funds were unchanged at 7⁷⁄₁₆-7⁹⁄₁₆ per cent, while three-month eased to 7½-7⅝ per cent. Six-month were unchanged at 8¼ per cent, but 12-month money fell to 8⅝-8¾ per cent from 8¾-8⅞ per cent.

AMSTERDAM—Call money fell to 3¾-4¼ per cent from 4-4¼ per cent, but other rates were generally firmer. The one-month rate rose to 4⅝-4⅞ per cent from 4⅜-4⅝ per cent, and three-month to 6-6⅛ per cent from 5¾-6¼ per cent. Six-month money was unchanged at 6⅜-6⅝ per cent.

FRANKFURT — Interbank money market rates were unchanged from 3.5 per cent for call money, to 4.10 per cent for six-month.

Widely defined money supply (M3) rose by a seasonally adjusted DM 1bn in June, compared with DM 7.2bn in May and a decline of DM 1.6bn in June, 1977. In the last three months M3 has grown at a seasonally adjusted rate of 8.8 per cent, compared with a target rate of 8 per cent for 1978. This year's figure is generally expected to exceed its target as a result of the unsettled conditions in the foreign exchange market.

HONG KONG—The money market was tight with call money dealt at 5¼ per cent and overnight at 5½ per cent.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Conditions were generally comfortable in the London money market yesterday. The authorities indicated that a slight shortage of funds was probable, and this turned out to be fairly near the mark. A moderate amount of assistance was given, but even this was probably too much, and banks are expected to bring forward surplus balances. The Bank of England was probably fairly happy to overdo the help however, since the authorities' success in selling gilt edged stock is expected to contribute to a sizeable shortage in the market today. Supplies of the long "tap" stock were exhausted yesterday.

The assistance to the money market was given by purchases of a moderate amount of Treasury bills, plus a small number of local authority bills and a small amount of eligible bank bills.

The total help was moderate, with some of the bills bought for resale at a fixed future date.

Banks brought forward surplus balances from Friday, and the market was also helped by an excess of Government disbursements over revenue payments to the Exchequer.

On the other hand repayment was made of money lent to the discount houses before the weekend, there was a small rise in the note circulation, settlement of gilt-edged sales, and a slight net take-up of Treasury bills.

The houses paid around 10 per cent for secured call loans at the start, and closing balances were taken at 8-9 per cent.

In the interbank market overnight loans opened at 11½-11¾ per cent, and fell to 10-10½ per cent by lunch. Rate increased to 10½-11 per cent in late trading, but closed at around 8 per cent.

LONDON MONEY RATES

July 24 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	8-11¾	—	—	—	11½	8-10	—	—	—
2 days notice	—	—	11-11⅜	—	—	11⅜	—	—	—	—
7 days or	—	—	—	—	—	—	9⅞-10	—	—	—
7 days notice	—	11¼-11¾	11-11⅜	—	11⅛-11⅜	11¼	9¾	9⅛-9⅝	10⅛-10⅛	10¾
One month	10⅛-10⅜	10⅞-11	10⅞-11	11-10½	10¾-11⅛	—	9½-9⅝	9⅛-9⅜	10	10⅝
Two months	10½-10⅜	10⅝-10¾	—	10⅛-9¾	10½-11⅛	11⅝	9½-9⅝	9¼-9⅞	9⅞	10½
Three months	10⅛-10⅜	10⅜-10½	10⅛-10⅜	10-10½	10⅝-11⅛	—	—	—	9⅞-9⅞	10½
Six months	10¼-10⅛	10¼-10½	10¼-10⅜	9¾-9½	10⅛-11⅛	—	—	—	—	—
Nine months	10⅛-10⅛	10¼-10½	—	10⅛-9¾	11⅛	—	—	—	—	—
One year	10⅛-10⅜	10¼-10½	10¼-10⅜	10⅛-9¾	11⅛	—	—	—	—	—
Two years	—	—	11-11¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 11¾-12 per cent; five years 11⅞-12⅜ per cent. фBank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9⅞ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9¹⁄₁₆-9⅛ per cent; two-month 9¼ per cent; and three-month 9³⁄₁₆-9⅜ per cent. Approximate selling rate for one-month bank bills 9¹³⁄₁₆ per cent; and two-month 9¹⁵⁄₁₆-9⅞ per cent; and three-month 9¾ per cent. One-month trade bills 10⅜ per cent; two-month 10½ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent.

Treasury Bills: Average tender rates of discount 9.2480 per cent.

GOLD

Sharp rise

Gold improved strongly in the London bullion market yesterday and finished at $194¾-$195¼, a rise of $3½ an ounce and its second highest closing level ever. The metal was helped by OPEC recommendations that oil prices be indexed to a basket of currencies and coupled with a further decline in the U.S. dollar. Sentiment remained bullish and the metal opened $195¼-$196 before being fixed at $195.50 in the morning, at $195.20 during the afternoon. At one point the metal touched $196-$196½ but eased to its closing level on profit-taking.

In Paris the 12½ kilo bar was fixed at FFr 27,800 per kilo ($196.85 per ounce) compared with FFr 27,750 ($196.44) in the morning and FFr 27,400 ($192.09) Friday afternoon.

	July 24	July 21
Gold Bullion (a fine ounce)		
Close	$194¾-195¼	$191¼-192¼
Opening	$195¼-196	$190¼-191¼
Morning fixing	$195.50 (£101.138)	$190.75 (£99.921)
Afternoon fixing	$195.20 (£100.749)	$191.75 (£100.336)
Gold Coins domestically		
Krugerrand	$204½-206½ (£106-107)	$200-202 (£104½-105½)
New Sovereigns	$58-60 (£30-31)	$56¼-58¼ (£29½-30½)
Old Sovereigns	$57-59 (£29½-30½)	$56-58 (£29¼-30¼)
Gold Coins internationally		
Krugerrand	$201-203 (£104-105)	$197-199 (£103-104)
New Sovereigns	$56-58 (£29¼-30¼)	$55-57 (£28¾-29¾)
Old Sovereigns	$57-59 (£29½-30½)	$56-58 (£29¼-30¼)
$20 Eagles	$280-282	$278-280
$10 Eagles	$141-146	$141-144
$5 Eagles	$101-106	$101-104

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7⅞
Treasury Bills (13-week)	6.99
Treasury Bills (26-week)	7.43

GERMANY

Discount Rate	3
Overnight	3.5
One month	3.65
Three months	3.75
Six months	4.10

FRANCE

Discount Rate	9.5
Overnight	7.75
One month	7.5
Three months	7.5625
Six months	8.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.875

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 24, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place	Local Unit	Value of £ Sterling
Afghanistan	Afghani	75.00
Albania	Lek	10.504
Algeria	Dinar	7.8474
Andorra	French Franc	8.47½
	Spanish Peseta	148.95
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	5.2081
Argentina	Ar. Peso Free Rt	1,553
Australia (S)	Australian $	1.6780
Austria	Schilling	28.35
Azores	Portug. Escudo	87.40
Bahamas (S)	Ba. Dollar	1.9275
Bangladesh (S)	Taka	27.94(sg)
Bahrain (S)	Dinar	0.748
Balearic Isles	Spa. Peseta	148.95
Barbados (S)	Barbados $††	3.855
Belgium	B. Franc	(cm) 61.95 (fn) 62.95
Belize	B $	3.855
Benin	C.F.A. Franc	423¾
Bermuda (S)	Bda. $	1.9275
Bhutan	Indian Rupee	15.280(sg)
Bolivia	Bolivian Peso	38.55
Botswana (S)	Pula	1.5885
Brazil	Cruzeiro ‡‡	34.80
Br Virgin Is (S)	U.S. $	1.9275
Brunei (S)	Brunei $	4.4087
Bulgaria	Lev	1.8561
Burma	Kyat	13.1247
Burundi	Burundi Franc	165.19
Cameroon Rp	C.F.A. Franc	423¾
Canada	Canadian $	2.1675
Canary Isles	Spanish Peseta	148.95
Cape Verde I.	Cape V Escudo	87.40
Cayman Is (S)	Cay. I. $	1.60625
Cent. Af. Rp.	C.F.A. Franc	423¾
Chad	C.F.A. Franc	423¾
Chile	C. Peso	(Bk) 62.05
China	Renminbi Yuan	3.2560
Colombia	C. Peso	(F) 75.14
Comoros Is	C.F.A. Franc	423¾
Congo (B'ille)	C.F.A. Franc	423¾
Costa Rica	Colon	16.5765
Cuba	Cuban Peso	1.4187
Cyprus (S)	Cyprus £	0.7140
Czechoslovak	Koruna	(com) 10.10 (cn) 20.20 (T) 17.60
Denmark	Danish Krone	10.71¼
Djibouti	Fr.	315
Dominica (S)	E. Caribbean $	5.2081
Domin. Rep.	Dominican Peso	1.9275
Ecuador	Sucre	(O) 48.14 (F) 50.71
Egypt	Egyptian £	(O) 0.754 (T) 1.27
Ethiopia	Ethiopian Birr	(P) 3.9945
Eq'l Guinea	Peseta	148.95
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is	Danish Krone	10.71¼
Fiji Is	Fiji $	1.6246
Finland	Markka	8.0675
France	French Franc	8.47½
Fr. Cty in Af*	C.F.A. Franc	423¾
Fr. Guiana	Local Franc	8.47½
Fr. Pac. Is.	C.F.P. Franc	154.95
Gabon	C.F.A. Franc	423¾
Gambia (S)	Dalasi	4.0807
Germany (East)	Ostmark	3.94¼
Germany West	Deutschmark	3.94¼
Ghana (S)	Cedi	2.67(sg)
Gibraltar (K)	Gibraltar £	1.00
Gilbert Is	Aust. Dollar	1.6780
Greece	Drachma	70.1291
Greenland	Danish Kroner	10.71¼
Grenada (S)	E. Caribbean $	5.2081
Guadaloupe	Local Franc	8.47½
Guam	US $	1.9275
Guatemala	Quetzal	1.9275
Guinea Rep.	Sily	38.3116
Guinea Bissau		67.855
Guyana (S)	Guyanese $	4.915
Haiti	Gourde	9.657
Honduras Rep	Lempira	3.88
Hong Kong (S)	H.K. $	9.004
Hungary	Forint	(com) 72.68 (T)(nc) 56.53
Iceland (S)	I Krona	520.0
India (S)	Ind. Rupee	15.280(sg)
Indonesia	Rupiah	799.91
Iran	Rial	(A) 135
Iraq	Iraq Dinar	0.5642
Irish Rep (k)	Irish £	1.00
Israel	Israel £	34.5855
Italy	Lira	1,624½
Ivory Coast	C.F.A. Frank	423¾
Jamaica (S)	Jamaica Dollar	2.8876
Japan	Yen	381½
Jordan (S)	Jordan Dinar	0.580(sg)
Kampuchea	Riel	2.513
Kenya (S)	Kenya Shilling	14.7765
Korea (Nth)	Won	1.7218(ǁ)
Korea (Sth)	Won	928.82
Kuwait (Sth)	Kuwait Dinar	0.525
Laos	Kip Pot Pol	585.5
Lebanon	Lebanese £	5.5897
Lesotho	S. African Rand	1.68265
Liberia	Liberian $	1.9275
Libya	Libyan Dinar	(P) 0.5706
Liecht'stein	Swiss Franc	3.42½
Luxembourg	Lux Franc	61.95
Macao	Pataca	9.6452
Madeira	Portug'se Escudo	87.40
Malagasy Rp.	MG Franc	423¾
Malawi (S)	Kwacha	1.5797
Malaysia (S)	Ringgit	4.5445
Maldive Is (S)	Mal Rupee	7.575
Mali Rp.	Mali Franc	847½
Malta (S)	Maltese £	0.7425
Martinique	Local Franc	8.47½
Mauritania	Ouguiya ‡	85.971
Mauritius (S)	M. Rupee	11.950
Mexico	Mexican Peso	44.10
Miquelon	C.F.A. Franc	423¾
Monaco	French Franc	8.47½
Mongolia	Tugrik	(O) 5.7335(ǁ)
Montserrat	E. Caribbean $	5.2081
Morocco	Dirham	7.87(sg)
Mozambique	Moz. Escudo	63.4665
Nauru Is	Aust. Dollar	1.6780
Nepal	Nepalese Rupee	23.15
Netherlands	Guilder	4.25½
Neth. Ant'les	Antillian Guild.	3.4502
New Hebrides	Franc	156.97
	Austl. Dollar	1.6780
N. Zealand (S)	N.Z. Dollar	1.8455
Nicaragua	Cordoba	13.60
Niger Rp.	C.F.A. Franc	423¾
Nigeria (S)	Naira	1.205008(sg)
Norway	Nrwg. Krone	10.35
Oman Sultanate of (S)	Rial Omani	0.667
Pakistan	Pkst. Rupee	19.09(sg)
Panama	Balboa	1.9275
Papua N.G. (S)	Kina	1.355
Paraguay	Guarani	241.56
P'pl's D. Rp of Yemen (S)	S. Yemen Dinar	(A) 0.6582
Peru	Sol	exc(A) 298.45
Philippines	Ph. peso	14.1895
Pitcairn Is. (S)	£ sterling / New Zealand $	1.8455
Poland	Zloty	(Cm) 60.20 (T) 60.20
Portugal	Pgse. Escudo	87.40
Port Timor	Timor Escudo	87.40
Principe Isle	Pgse. Escudo	87.40
Puerto Rico	U.S. $	1.9275
Qatar (S)	Qatar Ryal	7.48
Reunion Ile de la	French Franc	8.47½
Rhodesia	Rhodesian $	1.3367
Romania	Leu	(cm) 9.49 (nc) 22.73
Rwanda	Rwanda Franc	172.14
St. Christopher (S)	E. Caribbean $	5.2081
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.2081
St. Pierre	C.F.A. Franc	423¾
St. Vincent (S)	E. Caribbean $	5.2081
Salvador El	Colon	4.94
Samoa (Am.)	U.S. $	1.9275
San Marino	Italian Lire	1,624½
Sao Tome	Pgse. Escudo	87.40
Saudi Arabia	Ryal	6.60
Senegal	C.F.A. Franc	423¾
Seychelles	S. Rupee	13.35
Sierra Leone	Leone	2.0
Singapore (S)	Singapore $	4.4087
Solomon Is (S)	Solomon Is. $	1.6780
Somali Rep.	Som Shilling	(A) 12.1256
Sth. Africa (S)	Rand	1.65263
S.W. African Territories (S)	S. A. Rand	1.68265
Spain	Peseta	148.95
Span. Ports in North Africa	Peseta	148.95
Sri Lanka (S)	S. L. Rupee	29.50(sg)
Sudan Rp	Sudan £	(A) 0.771
Surinam	S. Guilder	3.4502
Swaziland (S)	Lilangeni	1.68265
Sweden	S. Krona	8.70½
Switzerland	Swiss Franc	3.42½
Syria	Syria £	(A) 7.565
Taiwan	New Taiwan	(P) 69.39
Tanzania (S)	Tan. Shilling	14.765
Thailand	Baht	38.65(sg)
Togo Rp	C.F.A. Franc	423¾
Tonga Is (S)	Pa'anga	1.5641
Trinidad (S)	Trin. & Tobago	4.626
Tunisia	Tunisian Dinar	0.720(sg)
Turkey	Turkish Lira	45.75
Turks & Caicos	U.S. $	1.9275
Tuvalu	Australian $	1.6780
Uganda (S)	Ug. Shilling	14.50
United States	U.S. Dollar	1.9275
Uruguay	Uruguay Peso	(com) 12.01 (fn) 12.20
Utd. A'b Emirs	U.A.E. Dirham	7.43
U.S.S.R.	Rouble	1.29
Upper Volta	C.F.A. Franc	423¾
Vatican	Italian Lire	1,624½
Venezuela	Bolivar	8.31
Vietnam (Nth)	Dong	(O) 4.6909 (T) 4.2157
Vietnam (Sth)	Piastre	5.56587
Virgin Is. U.S.	U.S. Dollar	1.9275
Western Samoa (S)	Samoan Tala	1.1528
Yemen	Ryal	8.50(sg)
Yugoslavia	New Y Dinar	36.0594
Zaire Rp	Zaire	1.519315
Zambia	Kwacha	1.545

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
† Rupees per pound.
‡ The Auguya has replaced the CFA franc. The exchange was made at a rate of CFA Fr 5 to one unit of the new currency.
§ General rates of oil and iron exports 80.955.
ǁ Based on cross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.

WORLD STOCK MARKETS

Dow early fresh 5 loss in reduced trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—103% (107¼%)
Effective $1.9275—50½% (52⅝%)

STOCKS ON *Wall Street* were inclined to lose further ground yesterday morning in reduced activity, reflecting a sharp decline in the dollar overseas, investor concern about tight credit conditions and predicitions of higher bank Prime interest rates.

The Dow Jones Industrial Average receded 5.54 more to 827.88 at 1 pm, while the NYSE All Common Index was 30 cents lower at $54.61 and losses outnumbered gains by more than a two-to-one ratio. Turnover contracted to 15.52m shares from last Friday's 1 pm figure of 17.01m.

Closing prices and market reports were not available for this edition.

However, Gold Mining shares remained firm. Dome Mines, strongest of the Golds, added $2 at $84½, while most of the others scored fractional gains.

Exxon, despite reporting more than a 21 per cent increase in profits for the second quarter, dipped ⅞ to $44⅞, but Rowan gained ¼ to $23¼ after announcing improved quarterly earnings.

IBM fell $2 to $268¼, while Eastman Kodak, Du Pont and Burroughs surrendered a little ground.

Among Railway issues, Union Pacific, Missouri Pacific and Norfolk and Western reported higher second-quarter profits, but were barely altered.

Albany International lost $1 to $36⅞, failing to be helped by higher second-quarter earnings.

THE AMERICAN SE Market Value Index came back 0.44 to 151.40 at 1 pm in a moderate business. Volume 1.90m shares (2.46m).

Houston Oil and Minerals softened ⅛ to $22⅝, while heavily-traded Resorts International "A" fell 2⅞ to $74.

McCulloch Oil, also active, were unchanged at $5.

Paris

The recent upward trend continued in active trading at the start of the new Account, with all sectors closing higher. The Bourse Industrial index added 0.5 to a new peak for the year of 73.6.

Brokers said that operators were using their new month of credit to full advantage, although some profit-taking had been observed as the session wore on. There was active unit trust and foreign buying.

Noticeably ahead at the close were UCB, Roussel Uclaf, Opfi-Paribas, Guyenne, Raffinage, Phenix, Babcock, Poclain, Puk, Borel, Arjomari, UIS, Bull, Cotelle and Navigation Mixte, but Eurafrance, Bouygues, Presses de la Cite, Lafarge and Elf-Aquitaine lost ground.

Germany

Stock prices were mainly lower in what dealers said was a technical reaction to recent sharp gains. The Commerzbank index fell to 806.5 yesterday from the 1978 high of 814.0 established last Friday.

One dealer said that although the dollar's weakness had a little to do with the stock market reaction, he felt losses more represented "a breather" for the market after its rapid rise.

Deutsche Bank and Bayerische Vereinsbank led Banks lower with falls of DM 3.80 and DM 5.50 respectively, while Hoechst, in *Chemicals*, declined DM 1.80. Among Motors, Daimler gave up DM 3.20 and Volkswagen DM 2.40. Kaufhof shed DM 2.50 in Stores and Siemens DM 2 in Electricals.

The Bond market was more stable than of late, with Public Authority issues recording gains of up to 30 pfennigs and losses extending to 35 pfennigs. The Bundesbank sold DM 23m nominal of paper, the first sales that it has made for some time. Mark Foreign Loans were steady.

Tokyo

Reflecting investors' growing concern over the yen's latest upsurge against the U.S. dollar, stocks continued to ease back from recent highs in limited trading. The Nikkei-Dow Jones Average declined 19.00 to 5,578.01, with volume amounting to only 180m shares.

However, some export-orientated issues resisted the downtrend, gains of Y10 each being recorded in Sony, Y1,660, TDK Electronic, Y2,190, and Pioneer Electronic, Y1,750, and Toyota Motor adding Y3 at Y898.

On the other hand, Matsushita receded Y6 to Y713.

Some low-priced Chemicals, Foods and speculatives managed small improvements.

KDD lost Y60 to Y3,860, Nissin Food Products Y30 to Y1,190, and Kyushu Matsushita Y26 to Y955, while Kinki Electric Construction, Y900, Hayasikane Sangyo, Y370, Mochida Pharmaceutical, Y1,580, and Shiseido, Y1,130, shed Y20 apiece, but Kyoto Ceramic put on Y50 to Y4,100, Matsushita Communication Y40 to Y1,420, Hisamitsu Pharmaceutical Y37 to Y987, Alps Electric Y35 to Y1,000, Chukyo Coca-Cola Bottling Y33 to Y637 and Kaken Chemical Y30 to Y1,910.

Australia

Markets recorded further improvements, with energy stocks providing the main features.

BHP, which derives a large part of its earnings from coal, oil and gas, advanced 18 cents more to a 1978 high of A$7.68, still benefiting from the expansion in annual profits.

Coal Mining issues generally gained ground, along with Oils and Gas stocks, but they were overshadowed by Uraniums, which remained buoyant on the signing of a nuclear safeguards agreement with Finland. Pancontinental moved ahead 80 cents more to A$15.60. *Peko-Wallsend* climbed 30 cents to A$6, while its Ranger partners, EZ Industries, rose 10 cents to A$2.75. Queensland Mines added 10 cents at A$2.85 and its parent, Kathleen Investments gained 15 cents to A$2.50.

Coal was aided as an investment area by the announcement last Friday that British Petroleum *would pay $169m for the remaining* 50 per cent of Clutha (Daniel K. Ludwig) NSW coal interests. Among the Coals sector, Thiess, which announced expansion plans last week, put on 7 cents to A$2.82, while White Industries gained 3 cents to A$2.38.

The sharp increase in the Gold price on *international markets* spurred Central Norseman Gold 40 cents higher to A$9.40.

Elsewhere in Minings, CRA, A$2.75, Bougainville Copper, A$1.42, and Atherton Antimony, A$1.02, hardened 3 cents apiece.

However, Banks turned easier, with BNS Wales reacting 10 cents to A$6.16.

Hong Kong

Market resumed its rise forcefully on local interest after last week's consolidation, and the Hang Seng index advanced 14.87 to 571.96. Turnover on the four exchanges totalled HK$105.78m, up from last Friday's HK$77.36m.

Hong Kong Wharf spearheaded the advance, rising 90 cents to HK$25.30, while Hong Kong Bank added 60 cents at HK$19.30, Hong Kong Land 45 cents to HK$10.40, Swire Pacific 40 cents at HK$9.10, *Jardine* Matheson 30 cents at HK$15.40, Hutchison Whampoa 20 cents at HK$6.40 and Wheelock 8.5 cents at HK$3.20.

Outside the leaders, Jardine Loan, Hong Kong *Telephone* and China Light each gained 50 cents to HK$94.50, HK$34 and HK$26.10 respectively, while Cheong Kong put on 30 cents to HK$9.40.

Canada

After the recent strong performance, shares displayed an easier tendency in quieter early trading yesterday.

The Toronto Composite Index shed 2.9 to 1,179.0 at noon, while *Metals and Minerals came back 9.0* to 980.2, Oils and Gas 3.7 to 1,515.9 and Utilities 0.07 to 178.92, but Golds still on rising Bullion prices, advanced 38.5 further to 1,598.8, while Banks also resisted the downtrend, gaining 0.64 to 284.12.

Alliance Building rose 5 cents to C$4.80—Canadian Realty Investors and *Sagitta Group plan to offer* C$5.25 for each Alliance share.

Trinity Resources declined 15 cents to C$4.10—the company said a Texas well in which it has a 25 per cent interest, has been abandoned.

Southam Press "A" eased ⅛ to C$25¼ despite higher second-quarter earnings.

Kelsey-Hayes Canada, which reported improved first-*half net* profits last Friday, rose 1⅜ to C$22, but Hudson's Bay Oil lost ¾ to C$45⅞ and Algoma Steel ⅜ to C$22¼.

Switzerland

Shares drifted lower in quiet trading, unsettled by the dollar's continued weakness.

In Chemicals, Ciba-Geigy Bearer, SwFr 1,050, and Participation Certificates, SwFr 770, fell 45 apiece, reflecting the 12 per cent decline in group sales for the first half-year.

Elsewhere, Swissair Bearer declined 11 to SwFr 823, Bank Leu Bearer 75 to SwFr 3,425, Saurer Bearer 25 to SwFr 945, and Nestle Bearer 35 to SwFr 3,390.

Domestic and Foreign Bonds also eased in thin dealings.

Milan

Stocks advanced afresh across a broad front in brisk trading, with demand persisting throughout the session.

Carlo Erba, SME, Italsider, Finsider, Snia Viscosa, ANIC and Burgo showed the best advances: SME jumped about 10 per cent.

Johannesburg

Gold shares were firmer, reflecting the sharp rise in bullion prices, with shares improving throughout the day on both local and overseas interest.

Mining Financials were selectively higher, shadowing the trend in the gold producers, but Platinums were marginally softer, while Coppers were unchanged to

Brussels

Mixed after moderate activity. In Chemicals, UCB put on 10 to BFr 930, while firm Holdings issues had Societe Generale up 20 at BFr 1,950, but Petrofina lost 15 to BFr 3,775 in easier Oils. Steels also gave ground, Cockerill shedding 8 to BFr 430.

Amsterdam

Activity was at a low ebb, with narrow irregular movements occurring.

Shippings and transports were mostly firmer, however, with Nedlloyd rising Fl 1.20.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊙ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	July 21	July 20	July 19	July 18	July 17	July 14	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	833.42	838.82	840.72	829.00	839.05	839.83	868.61 (6.6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.28	87.10	87.20	87.15	87.07	86.94	90.86 (4.1)	86.73 (11/7)	—	—
Transport	228.96	229.50	229.83	226.82	227.60	226.56	231.35 (6.6)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.07	105.28	105.28	105.18	105.28	105.65	110.99 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	26,090	35,340	30,850	22,858	29,167	28,570	—	—	—	—

* Basis of index changed from August 24

	July 14	July 7	June 30	(Year ago approx.)
Ind. div. yield %	5.56	5.75	5.71	4.87

STANDARD AND POORS

	July 21	July 20	July 19	July 18	July 17	July 14	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	108.04	108.50	108.44	108.38	108.09	107.90	110.95 (6.6)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	97.75	98.03	98.12	96.87	97.78	97.58	100.32 (7/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 12	July 5	June 28	Year ago (approx.)
Ind. div. yield %	5.07	5.18	5.11	4.45
Ind. P/E Ratio	9.19	8.95	9.04	10.12
Long Gov. Bond yield	8.69	8.62	8.57	7.89

N.Y.S.E. ALL COMMON

July 21	July 20	July 19	July 18	1978 High	1978 Low
54.91	55.07	55.10	54.45	56.20 (6.6)	48.37 (6.3)

Rises and Falls

	July 21	July 20	July 19
Issues traded	1,872	1,888	1,871
Rises	570	815	991
Falls	859	654	448
Unchanged	443	419	432
New Highs	43	93	74
New Lows	12	7	9

MONTREAL	July 21	July 20	July 19	July 18	1978 High	1978 Low
Industrial	190.04	189.51	188.35	187.82	190.04 (21.7)	162.60 (16/2)
Combined	198.82	199.47	196.92	196.62	198.82 (21/7)	170.62 (30/1)
TORONTO Composite	1181.9	1179.5	1170.5	1166.2	1181.9 (21.7)	998.2 (30/1)
JOHANNESBURG Gold	252.5	245.5	239.8	237.0	252.5 (21/7)	185.8 (20/4)
JOHANNESBURG Industrial	252.2	252.0	252.0	252.2	252.4 (17/7)	194.9 (13/3)

	July 24	Previous	1978 High	1978 Low
Australia (¶)	505.78	503.81	505.78 (24.7)	441.19 (1.3)
Belgium (‖)	96.32	(c)	101.16 (8/5)	90.45 (23/3)
Denmark (**)	96.29	96.34	98.15 (3.1)	94.00 (6/2)
France (††)	73.6	73.1	73.6 (24.7)	45.6 (3/2)
Germany (‡‡)	806.5	814.0	814.0 (21.7)	759.4 (17/5)
Holland (§§)	84.3	84.4	87.0 (9.6)	76.3 (4/4)
Hong Kong (¶¶)	571.96	557.09	571.96 (24/7)	383.44 (13/1)
Italy (‖‖)	65.57	62.66	64.24 (19/7)	55.45 (10/1)
Japan (a)	421.67	422.22	422.81 (19/7)	364.04 (4/10)
Singapore (b)	340.14	347.90	350.51 (10.7)	282.0 (1/6)
Spain (d)	—	102.75	110.76 (9/6)	87.83 (17/3)
Sweden (e)	397.46	397.07	397.46 (6/5)	325.74 (6/1)
Switzerl'd (f)	299.0	291.2	316.0 (25/4)	281.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Milan 2/1/73. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Revlon	447,300	49½	— ⅛
Rowan	429,200	23	—1⅛
Allegheny Airlines	378,400	11⅛	— ⅛
ASA	253,400	24⅝	+1⅛
Texaco	249,700	26⅞	+1
K Mart	243,600	25⅝	—
British Petroleum	232,300	16⅝	+ ⅛
Continental Oil	225,200	26	— ⅛
Sears Roebuck	200,000	23⅛	— ⅛
Brunswick	191,700	15⅛	+ ⅛

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
ABN	F340	—	—	3	24.50	—	—	F362,50
ABN	F360	—	—	1	7.60	2	9	..
ABN	F370	—	—	8	5	6	6.50	
AKZ	F30	30	2	25	3.10	—	—	F29.50
AKZ	F70	36	1	12	1.90	18	2.70	
ARB	F32.50	10	7.70	7	8.30	—	—	F75.90
ARB	F75	6	2.70	5	3.50	—	—	..
ARB	F80	—	—	—	—	6	3.10	
EK	$45	2	12½	—	—	—	—	$57⅞
EK	$50	26	8½	—	—	—	—	..
EK	F60	5	2⅝	—	—	—	—	..
GM	$60	5	2⅛	36	2⅝	—	—	$59⅞
GM	$70	2	¼	2	½	—	—	F35
HO	F32.50	—	—	5	5	—	—	..
HO	F35	7	2.10	12	2.80	—	—	..
HO	F37.50	30	1.50	11	2	—	—	
IBM	$240	—	—	2	32½	—	—	$268½
IBM	$260	2	14¾	—	—	—	—	..
IBM	$280	15	4¾	—	—	—	—	
KLM	F140	—	—	2	22.50	—	—	F155
KLM	F150	1	12	2	16	—	—	..
KLM	F160	32	7.50	11	12.40	—	—	..
KLM	F170	3	4	22	8	—	—	..
KLM	F180	14	2.50	25	6	—	—	..
KLM	F200	20	1.80	22	3	—	—	
NN	F98.90	10	7.50	—	—	—	—	F101.90
NN	F110	—	—	—	—	11	3.70	
PHI	F27.50	40	0.60	15	1.20	—	—	F26
RD	F120	—	—	13	14.70	—	—	F133.70
RD	F130	27	5.50	2	7	—	—	..
RD	F140	—	—	16	2.20	10	3.20	
UNI	F110	7	12.20	—	—	—	—	F121.60
UNI	F120	8	4.50	5	5.30	2	6.50	..

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster Ltd.	10 %
■ Brown Shipley	10 %	Royal Bk. Canada Trust	10 %
Capitol C & C Fin. Ltd.	10 %	Schlesinger Limited	10 %
Cayzer Ltd.	10 %	E. S. Schwab	11½%
Cedar Holdings	10½%	Security Trust Co. Ltd.	11 %
■ Charterhouse Japhet	10 %	Shenley Trust	11 %
Choulartons	10 %	Standard Chartered	10 %
C. E. Coates	11 %	Trade Dev. Bank	10 %
Consolidated Credits	10 %	Trustee Savings Bank	10 %
Co-operative Bank	*10 %	Twentieth Century Bk.	11 %
Corinthian Securities	10 %	United Bank of Kuwait	10 %
Credit Lyonnais	10 %	Whiteaway Laidlaw	10½%.
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Duncan Lawrie	10 %	Yorkshire Bank	10 %
Eagil Trust	10 %		
English Transcont.	11 %		
First Nat. Fin. Corpn.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

(Share price tables: NEW YORK, CANADA, GERMANY, TOKYO, AUSTRALIA, OSLO, BRAZIL, JOHANNESBURG, AMSTERDAM, BRUSSELS/LUXEMBOURG, PARIS, SWITZERLAND, COPENHAGEN, STOCKHOLM, SPAIN, MILAN, VIENNA — † Bid. ‡ Asked. § Traded. ¶ New stock.)

FARMING AND RAW MATERIALS

Zambia fails to clear backlog of copper

BY MICHAEL HOLMAN

KITWE, July 24

EFFORTS TO reduce the massive backlog of Zambian copper are meeting with little success, according to industry sources. They say that about 110,000 tonnes are held up at the mines, in transit and at the Tanzanian port of Dar es Salaam.

Mr. John Mwanakatwe, Zambian finance minister, warned *four weeks* ago that the backlog, 130,000 tonnes on June 10, had to be cleared "as a matter of utmost urgency." The country relies on copper for 95 per cent of its foreign exchange earnings.

Although copper held at Dar es Salaam has fallen from 58,000 tonnes to 35,000 tonnes, and mine stocks have fallen from 43,000 tonnes to 40,000 tonnes, copper held in transit has risen from 29,000 to 33,000 tonnes. The current backlog amounts to 17 per cent of Zambia's 1978 production target of 650,000 tonnes.

Railway and shipping sources cite as the main reasons for the backlog, shortages of wagons and locomotives, lengthy turnround time of wagons, poor management of the Tanzania-Zambia Railway (Tazara), and poor productivity at Dar — which handles 90 per cent of Zambia's trade.

In addition to the copper, 67,000 tonnes of Zambian imports are held up at the port, where the berthing delay is now 30 days.

The critical state of landlocked Zambia's transport problems was noted at the recent World Bank sponsored meeting in Paris of the consultative group of nations.

A World Bank paper presented to the group noted that Tazara wagon turnround time was 40 days instead of the planned 22 — nearly halving the line's capacity. Locomotives in service on the line fell from 71 per cent of total engines in December 1977 to 48 per cent in mid-May this year.

For these reasons industry sources are pessimistic about an early resolution to a problem which has been dragging on for eight months.

LME stocks down again

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES opened strongly on the London Metal Exchange yesterday, mainly reflecting the move upwards on the New York market on Friday evening.

However, London prices lost ground in later trading, despite another hefty fall in LME warehouse stocks, when New York values opened lower than expected. At the close copper wirebars were only £4.5 up at £708.5 a tonne.

An announcement by Asarco that it was imposing a 50 per cent cut in August shipments of copper cathodes to European customers from the Ilo smelter in Peru gave a temporary boost to values. But later it was pointed out that there had been a 100 per cent cut in June and July shipments.

Copper stocks fell by 7,175 tonnes reducing total holdings to 483,300 tonnes. However the stocks decline had already been discounted. Also ignored was news that the talks in Geneva aimed at setting a new consultative study group for copper had broken down without any agreement.

Tin values opened lower following a fall in the Penang market over the weekend, cutting the Straits tin price by M$20 to M$1,700 a picul—the new "ceiling" price of the International Tin Agreement. But buying interest at the lower level helped rally the market and cash tin closed £37.5 down at £6,387.5 a tonne.

A rise in tin stocks of 280 tonnes to a total of 2,595 tonnes was in line with market expectations. Zinc stocks also rose by 425 to 70,675 tonnes, while lead fell by 1,150 to 53,525 tonnes. LME silver holdings rose by 260,000 to 18,180,000 ounces.

Plan to lift cobalt output

By Our Own Correspondent

ZAMBIAN COBALT production capacity will almost double in 1979, from 2,200 tonnes at present to between 4,000 and 4,500 tonnes a year, say industry sources.

Estimated 1978 production of 1,700 tonnes will rise to between 2,500 and 3,000 tonnes next year, say the sources, as new capacity at the Chambeshi division of Roan Consolidated Mines (RCM) comes on stream, probably in February. Present output is from the plant at NchangaConsolidated Mines Rokana division which treats material from both companies.

This month the Zambian state metals marketing company, Memaco, raised its cobalt price from $8.50 a pound to $12.50 a pound with effect from August 1.

The metal is used for the manufacture of jet engines, permanent magnets and in chemical and paint industries

The sources estimated 1978 demand at about 27,000 tonnes (1977—23,000-24,000 tonnes), some 10,000 tonnes in excess of supply, and forecast an annual increase of 8 per cent. in demand over the next four to five years.

Zambia is the World's second largest cobalt producer, after Zaire. But the invasion of Zaire's Shaba province will reduce output at the Kolwezi mines—which normally provide 70 per cent. of world cobalt supplies — to 8,000 tonnes this year, say industry sources here. This is half Kolwezi's capacity.

BRAZILIAN COFFEE

Frost not the only threat

BY SUE BRANFORD, RECENTLY IN LONDRINA

"THE RISK of a frost will be over only in September. Until then, the whole town is living in suspense, for another blow like the one we received in 1975 would put an end to coffee farming in Paraná."

This is the opinion of Sr. Daniel Henrique de Andrade, formerly a small farmer and now manager of Bung y Born's office in Londrina, or "Little London," as it was nicknamed by European immigrants opening up the state of Paraná at the beginning of this century.

Sr. Daniel explains that many of the bushes are young, as large areas were replanted after the "Big Frost." Bearing a little fruit for the first time this harvest, these bushes are extremely vulnerable to bad weather. A severe frost, or even cold weather, at about freezing point—accompanied by gale force winds—would wipe out whole plantations.

Sr. Daniel, who has been observing Paraná's weather for 30 years, says that all the serious frosts have occurred under a crescent-to-full moon. Now that the July 13-20 "risk week" has gone by without misfortunes, the next danger period will occur from August 11-18.

Even without a frost, Paraná's farmers have enough problems. This year's long drought (which is still not over despite occasional showers of rain), has taken its toll. It has brought down the Brazilian Coffee Institute's estimate for this year's harvest from 5.5m bags (60 kilos each) to 4.8m bags in Paraná and 8.2m to 7.2m in São Paulo. This has reduced the estimate for the national harvest from 20.7m to 18.9m bags.

Traders in Londrina say that, unofficially, IBC officials are now talking of as few as 4m bags for Paraná. One experienced broker, Márcio Tavares de Menezes, maintains that a truer figure would be 3.5m bags.

The traders say that the drought has helped produce a fine-quality coffee, but has increased the number of reject beans. This means that, whereas in a normal year, three bags of unshelled beans would produce one 60 kg bag of shelled coffee, the average yield has now dropped to 15 kg per bag and four bags are required to produce the same quantity of shelled coffee.

COFFEE FUTURES prices on the London market fell to new two-year lows yesterday as temperatures continued well above normal in Brazil's growing areas. The strength of sterling was also thought to have encouraged the decline, which left September delivery coffee £42 lower on the day at *£1,093.5 a tonne.*

Another new problem is land depletion and the pressing need for fertilisers, which are largely imported and very expensive in Brazil. For over 150 years, farmers abandoned exhausted soils, moving on to cheap, virgin land and gradually occupying Brazil's interior, travelling south-west, from Rio de Janeiro to São Paulo and, more recently, to Paraná.

Now this process has reached its economic and geographical limits, for land prices have rocketed with the increasing scarcity of fresh land and coffee cannot be cultivated in the colder, more southernly regions.

A few farmers have swung north again, experimenting with coffee in tropical areas, such as Mato Grosso. Many, however, are trying to replace the fertility in their soils with the increased use of fertilisers.

The impact of this year's drought can be seen all too dramatically in Londrina, which was previously a prosperous town, proud of the amazing speed at which it had mushroomed, reaching 160,000 inhabitants just 45 years after it was founded.

Now, large shanty-towns have formed on its outskirts, filled with peasant farmers who have been driven off the land by the failure of their rice, maize and manioc crops. Scores of lorries draw up at five o'clock in the morning to take some of these labourers off to the coffee plantations, where they work a full day to earn Cr$ 55 (£1.60).

The harm caused by the drought will be even greater on next year's coffee crop, it is claimed. The bushes have not sprouted as they should have, and many farmers are predicting a 50 per cent cutback in next year's crop. Sr. Wilson Baggio, president of the farmers' association in Cornélio Procópio in northern Paraná, says that, from the 7m to 8m bags originally estimated, the state will now be fortunate if it produces as many as 4m next year. And that is without a frost.

Some farmers are beginning to question the planting advice given by the IBC. Rather than the old "covas," or holes, into which six or seven plants were cultivated close together, the bushes are now placed in single lines, or in groups of two. This technique helps the use of tractors in between the rows, and increases yields.

However, some farmers are saying that the new method leaves the bush extremely isolated and much more vulnerable to frosts, winds and droughts. This is too great a risk to run in Paraná, where the weather is highly unreliable.

They also point out that the turnover of bushes is much greater under the new system. Whereas bushes planted 20 or 30 years ago in the traditional fashion are still producing, if at a lower level, replanting after eight or nine years is essential with the new technique.

At the moment, private traders are buying up little coffee in Paraná, because of slack world demand. Many farmers, needing cash, are selling to the IBC, which is buying up good quality coffee at the unprecedented rate of 40,000 bags per day. It is thus thought that, by mid-August, the IBC will have taken about 2.5m to 2.7m bags of fine coffee out of the market.

Traders say that IBC officials are hopeful that by then world trade will have picked up. If not, they believe that the IBC may well take emergency measures to speed up sales, even resorting once more to "special contracts," under which coffee is sold at lower prices than the minimum permitted by the Institute.

Ironically, Brazil itself has shown more clearly than any other country the falsity of the so-called "law of the inelasticity of coffee demand to prices."

Despite a steady population increase of about 2.5 per cent a year, Brazil's coffee consumption dropped from 7.5m bags in 1974 to 6.4m bags in 1976, recovering somewhat last year to 7.0m bags.

However, the recent downward trend in world consumption, which fell from 56m bags in 1974 to 48-50m bags now, has shown that not only in Brazil can high prices break old habits. Perhaps even more than the passing droughts and sporadic frosts, this new lesson threatens the future of Paraná's farmers.

World sugar futures down sharply

BY OUR OWN CORRESPONDENT

THE RENEWED vigour of sterling against the dollar and Friday's weak close in New York saw the London terminal market in sugar off to a lower start yesterday. The daily price for raws was cut again £2.50 a tonne to £82—the lowest since December, 1972.

World sugar futures prices dipped sharply and although recovering a little there was no fundamental news to provoke a true revival.

The October position lost £3.10 a tonne on the day, closing at £82.075.

Forward premiums were slimmed down, reflecting the general belief that the current surplus of sugar would continue to depress the market for some considerable time.

The executive committee of the International Sugar Organisation meets on Friday to discuss tactics. The EEC, which has still to sign the International Sugar Agreement, has been asked to attend.

The first export tender for new-crop EEC sugar is scheduled for Wednesday.

Our correspondent in Georgetown reports: The Guyana sugar industry, hit by a record 135-day strike and mounting inflation, lost £3.4m last year—the first full year of operation under State ownership.

Gross revenue was £42.4m, but operating costs took $45.8m, 60 per cent of gross earnings went to employment and another 15 per cent to community costs. The industry was still able to contribute £40.5m towards the country's acute foreign exchange situation.

Fish catch by Peru to exceed target

WASHINGTON, July 24.

THE U.S. Agriculture Department said the Peruvian fish catch for industrial purposes to June 15 totalled 1.1m tonnes with between 30 and 40 per cent of the total made up of anchovies.

In a field report from Lima the USDA said that with weekly catches currently at about 50,000 tonnes, the official forecast of 1.5m tonnes for the year was likely to be exceeded.

Some sources are projecting that up to 2m tonnes of fish for industrial uses will be landed by the end of the year.

Reuter

OILS AND FATS

VISIBLE AND invisible stocks of the 17 major oils and fats will rise to a record 9.3m tonnes by the end of the 1978-79 season, according to a first tentative forecast by Oil World, the Hamburg-based weekly publication.

Reuter

New price for tungsten

By Our Commodities Editor

A NEW official quotation for tungsten concentrate (wolfram, scheelite or artificial scheelite) has been introduced this month.

The International Tungsten Indicator, as it is known, is compiled from reports of transactions sent in by both leading producers and consumers. Unlike the current free market quotation for wolfram, obtained from London merchants, the Indicator price includes spot and fixed price forward contract shipments.

The idea is that the inclusion of a much wider range of business, drawn from all over the world, will provide a more comprehensive quotation, less vulnerable to sudden fluctuations.

Prices, cif port of destination, are reported twice a month in U.S. dollars per metric ton unit (22.04 pounds). She first price issued covering the first two weeks of July was $140.37 a tonne unit well above the present wolfram free market price of $130-$135 per tonne unit.

Deer farming—strictly for optimists

BY CHRISTOPHER PARKES

FARMING of deer for profit is strictly for optimists says a feasibility study just published by the North of Scotland College of Agriculture.

To establish a herd, farmers can buy young animals from country parks, zoos or other producers. However, the report notes dourly, it is not advisable for anyone to pay significantly more than their simple meat value for such foundation stock.

While it is illegal to catch deer on the hill outside the open seasons, the report says any deer can be taken on arable or permanent pasture land or in woodland at any time of year.

Calves captured at one or two days old can be reared into fully domesticated stock.

Biggest single investment for the would-be deer rancher is fencing. The stock have to be contained before they can be managed. And because deer can jump and even wriggle under obstacles placed between them and liberty, fences have to be high, tough and expensive.

Starting on open hillside with a herd of 100 breeding hinds stocked at one animal to 2.5 hectares, fencing would cost about £16,000. This cost of £155 a hind drops to £110 with a herd of 200 females.

Rearing youngsters appears fairly routine and the apparently eccentric practices recommended to help stockmen adapt to these unusual charges should not present many difficulties. However, as they grow they have to be carefully trained to respond to their keepers' call or whistle.

And those which fail to learn the rigid discipline of living in the man-managed herd are fated to go young to the abattoir.

that all the harassment and extra investment in time and special facilities can be quickly and amply compensated by premium prices from the luxury meat trade in West Germany and other wealthy parts of Europe.

However, the figures gathered in the report are less heartening.

Venison prices have increased *ten-fold* over the past 13 years.

The authors claim that over the first three years' operation the cumulative deficit on a 100-hind deer herd reaches more than £23,000.

"It would seem in current circumstances a combination of an optimistic outlook with exceptionally favourable circumstances are required for the establishment of a deer farming enterprise to offer an opportunity for financially attractive investment," they conclude.

U.S. palm oil imports to revive

KUALA LUMPUR, July 24.

U.S. INTEREST in refined Malaysian palm oil is expected to revive towards the final quarter of this year, trade sources said.

U.S. importers have expressed interest in acquiring up to 30,000 tonnes of palm oil for shipment later this year, they claimed, but are reluctant to commit themselves until the price, currently $595 a tonne for September shipment, falls.

A shortage of palm oil due to a severe drought in the first quarter and consequent market supply problems as stocks dwindled has seen the price rise sharply from $490 a tonne for March shipment last February.

As palm oil production improves, enabling a more competitive price compared with, for example, soya oil, exports to crude and refined palm oil to the U.S. are expected to rise to 1977 levels of at least 20,000 tonnes a month from the current estimated 10,000 tonne level.

In the first four months of this year crude palm oil output fell to 367,000 tonnes from 490,000 in the same 1977 period.

At 26 cents a lb for October shipment, palm oil is still considerably more expensive than the 23 cents charged for soya oil, although the differential has narrowed from about 6 cents earlier this year, the sources noted.

In the January-April period, crude and refined palm oil exports to the U.S. slumped to 8,583 and 31,722 tonnes respectively from 15,342 and 40,207 tonnes in 1977, official figures show.

In 1977 as a whole, the U.S. took about 12 per cent of Malaysia's total 1.3m tonnes of palm oil exports.

Reuter

Pakistan ends rice export trade cartels

KARACHI, July 24.

PAKISTAN HAS introduced measures to end cartels in the rice export trade, Commerce Minister Zahid Sarfraz said here.

The measures deal with tendering for individual lots, the fixing of export prices and inspection and loading of export cargoes, and will help boost Pakistan's exports, he added.

Rice is Pakistan's largest foreign exchange earning commodity, with exports in the year to June 1978 of 803,000 tons and a 1978-79 target of ~~[illegible]~~ tons.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange with forward metal initially moving from £731 to £737 on Friday's performance in New York before slipping and losing ground on hedge selling to £722. In the afternoon Comex opened lower than expected and then moved down, helping the London price to ease to £725. But the market steadied on the late Kerb to close at £730.5. Turnover 30,125 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £711.5, three months £734.5, 35, 34.5, 34, 33.5. Cathodes three months £729, 28.5. Kerbs: Wirebars three months £732.5, 32, 32.5, 33, 33.5, 34. Afternoon: Wirebars three months £730, 30.5, 30, 28, 28.5, 29, 29.5, 30, 29.5. Cathodes three months £726. Kerbs: Wirebars cash £708.5, three months £730, 30.5, 29, 30, 30.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	711-.5	+10.5	708 9	+4.5
3 months	733-.5	+10½	729.5-30	+5
Settl'm'nt	711.5	+10	—	......
Cathodes				
Cash	707-8	+10	704.5-5.5	+6.25
3 months	728-.5	+9.5	726-.5	+5.75
Settl'm'nt	708	+10	—	......
U.S. Smt.	—	......	63-64	......

TIN—Easier as forward metal started at £6,360 following the decline in the East over the weekend. Hedge selling depressed the price to £6,310 before bear covering and buying against physical business lifted the market to £6,340. Trading continued around this level and the close on the Kerb was £6,335. Turnover 1,325 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade				
Cash	6375-50	—75	6385 90	—37.5
3 months	6335-50	—77.5	6355 70	—27.5
Settlem't	6375	—75	—	
Standard				
Cash	6370-5	—75	6385-90	—37.5
3 months	6330-50	—77.5	6340-5	—30
Settlem't	6375	—75	—	
Straits E.	[illegible]		—	
New York	—			

Morning: [illegible] Standard three months £6,330, 35, 30, 25. [illegible] £6,330, 35. [illegible] cash £6,390. [illegible] Standard th[illegible]

LEAD—[illegible] less day's [illegible] £314-£316, [illegible] £312 and [illegible] £312.75. Turnover [illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	308-.5	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Sett'm'nt	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Spot	[illegible]	[illegible]	[illegible]	[illegible]

Morning: [illegible]

ZINC—Steady [illegible] covering [illegible] trading w[illegible] moved in a [illegible] at £317-£315 [illegible] £318 and c[illegible] Turnover 2[illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	306-.5	+4	305-6	+2.5
3 months	316.5-7	+4	316-.5	+2.5
S'ment	306.5	+4	—	
Prim. West	—		29.51	

* Cents per pound. † On previous official close. [illegible]

Morning: [illegible] 18.5. Afternoon: [illegible] 17, 16.5. [illegible]

SILVER

Silver was fixed [illegible] for spot delivery in the London bullion market yesterday [illegible] equivalents [illegible] Spot 553.6c, [illegible] up 13.1c; [illegible] 12-month [illegible] opened at [illegible] closed at [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]
12 months	[illegible]	[illegible]	[illegible]	[illegible]

LME—Turnover [illegible] ounces. Morning: [illegible] 4.3, 4.4, 4. [illegible] months 293. [illegible] noon: Three [illegible] Kerbs: Three [illegible]

COCOA

Prices fluctuated in a modest range, largely under the influence of currency movements. [illegible]

COCOA	Yesterday's Close	+ or —	Business Done
No.3 Contr't			
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]

Sales: [illegible]

COFFEE

ROBUSTAS once more declined to register new lows after initial steadiness, [illegible] New York provoked limit-down opening in New York [illegible]

[illegible] of £55 down were registered in a hectic mid-afternoon period. Values fluctuated in a narrow range from then on and the market closed £40 down on balance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1145 1150	[illegible]	1173 1135
September	1093 1095	[illegible]	[illegible]
November	1034-1054	[illegible]	[illegible]
January	1003 1005	[illegible]	[illegible]
March	982 970	[illegible]	[illegible]
May	950 955	[illegible]	965 940
July	935 940	[illegible]	950 925

Sales: [illegible]

GRAINS

[illegible]

WHEAT	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	84.95	[illegible]	79.65	[illegible]
Nov.	87.50	[illegible]	82.50	[illegible]
Jan.	90.40	[illegible]	85.35	[illegible]
Mar.	93.10	[illegible]	88.10	[illegible]
May	95.60	[illegible]	[illegible]	[illegible]

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

WOOL FUTURES

[illegible]

COTTON

LIVERPOOL COTTON—[illegible]

RUBBER

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef Scottish killed sides 54.0 to 58.0; Eire hindquarters 67.0 to 69.0, forequarters 36.0 to 39.0.

Veal: English fats 62.0 to 70.0. Dutch [illegible]

MEAT COMMISSION—[illegible]

COVENT GARDEN [illegible]

PRICE CHANGES

Price per tonne unless otherwise stated. • Nominal. † New crop. ‡ Unquoted.

	July 24 1978	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

[illegible]

I.G. Index Limited 01-351 3466. One month Gold 195.5-192.0.

29 Lamont Road, London, SW10 0HS.

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COMPANY NOTICES

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND NO. 86

ON SHARE WARRANTS TO BEARER

Pursuant to the notice published on 8th June, 1978, members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 3rd August, 1978, is 1 Rand of 100 cents equals 60.1520p United Kingdom Currency. The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 120.3040p.

Holders of Share Warrants to Bearer are informed that payment of dividend No. 86 will be made on or after 4th August, 1978, upon surrender of Coupon No. 86 at the London Bearer Reception Office, 40, Holborn Viaduct, London EC1P 1AJ.

	Amount Payable per share (U.K. currency) p
Equivalent in United Kingdom currency of dividend declared	120.3040
Less: South African Non-Resident Shareholders' Tax at 15%	18.0456
AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	102.2584
Less: United Kingdom Income Tax at 18% on the gross dividend (see Notes 1 and 2 below)	21.6547
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	80.6037

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED, London Secretaries.
D. W. J. PHILLIPS, Secretary.

[illegible]sgate,
[illegible]C2M 3XE.
[illegible], 1978.

NOTES
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 120.3040p.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18% instead of at the standard rate of 33% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders' Tax.

US$25,000,000

7¼% Convertible Subordinated Debentures due 1988/1992

of

ENNIA N.V.

established in The Hague, The Netherlands

In accordance with the provisions in Article XXI of the Trust Agreement the undersigned declares that:

In 1977 Ennia N.V. complied with all the obligations laid down in the Trust Agreement.

In 1977 the conversion rate remained unchanged.

At 31st December 1977, the outstanding amount of the loan was still $US25,000,000.

In 1977 he found no occasion to make or perform any observations or acts.

The Trustee:

N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR

Amsterdam, 7th July 1978

EUROPEAN COAL AND STEEL COMMUNITY

6½% TWENTY YEAR BONDS OF 1967 DUE 1ST OCTOBER, 1987

[illegible]

25th July, 1978.

CLUBS

[illegible]

STOCK EXCHANGE REPORT

Equities confident ahead of Thursday's Dividend Bill

Long tap exhaustion underpins Gilts—Golds surge on

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The upward movement in all main sectors of the stock market continued yesterday at the start of a new Account. Equities displayed some uncertainty before resuming their rising tendency and closing at the day's highest. Gilt-edged securities impressed again ahead of, and after, the announcement that official supplies of the long tap had been exhausted and South African Gold shares bounded forward again on the buoyant bullion price and the lower investment currency premium.

Leading industrials initially eased while digesting week-end comment on the coming Dividend Bill but rallied before noon and subsequently extended the upturn. Institutional sources appeared reluctant to chase prices higher but sufficient interest was forthcoming and led to a rise of 4.7 more in the F.T. 30-share index to 483.9, after an early reaction to 477.8.

Details of the Treasury's dividend and controls paper came too late for an immediate market assessment and business after-hours was subdued. Earlier, the Stores' section had benefited from the effects of peak consumer spending but Oils were hampered throughout by the report that the Government wanted a bigger share of North Sea oil profits.

Short-dated British Funds burst forward when investment buying revived despite continuing tight conditions in money markets. In the late afternoon, the longs featured following exhaustion of the long tap and at both ends of the market the closing tone was described as very firm; the F.T. Government Securities index settled 0.21 up at 70.99—its best for over two months.

Gold shares were not outdone, the strong bullion price—it closed just short of the highest-ever level—and the fall in the investment dollar premium producing another rise in the F.T. Gold share index of 5.3 to 180.3.

Sterling's firmness in foreign exchange markets made for easiness in the investment currency premium which, following scattered arbitrage offerings released by transactions in overseas securities, fell to 101½ per cent before rallying to close a net 4¼ points lower at 103 per cent. Yesterday's SE conversion factor was 0.6589 (0.6575).

Banks dip and rally

A penny or so cheaper at the outset in the wake of last Friday's disappointing interim profits from Lloyds, the major clearers picked up as the day progressed and closed slightly firmer for choice. Lloyds touched 260p before finishing a net 1½ dearer at 262p xd, while NatWest, the next to report half-yearly figures today, ended 3 to the good at 278p, after 274p. Barclays hardened a similar amount to 328p, after 324p and Midland improved 2 to 365p, after 362p. Overseas issues were mixed. Grindlays hardened 2 to 120p in front of today's interim results and Standard Chartered closed 12 up at 402p. Bankers' NY cheapened ½ to £28¼ on domestic and investment currency influences.

Hambro Life, 348p, were notable for an above-average gain of 13 in firm Insurances.

Breweries closed on a firm note, while Distillers rose 5 more to 192p on further consideration of the planned price increases.

In quietly firm Buildings, further speculative demand left Brown and Jackson 4 to the good at 156p and Watts Blake Bearne improved 6 to 119p in a thin market. Comben put on 4 to 34p following the increased interim profits, and Orme Developments closed similarly better at 47p on the announcement that 4m shares (22 per cent) had been sold to Saint Piran at 55p per share. BPB improved 7 to 230p in late dealings after the announcement that its wholly-owned subsidiary, British Gypsum, is to increase the price of gypsum-related products. Tunnel Cement "B" firmed 9 to 288p and Blue Circle 3 to 253p, while Hoveringham added 7 to 83p in a thin market. Elsewhere, Wettern Brothers, at 90p, recovered all of Friday's fall of 11 which followed the news that the bid from W. and J. Glossop had lapsed.

ICI remained a quietly firm market and improved 3 to 391p after 394p. Small demand in a thin market lifted Farm Feed 6 to 58p, but Enalon Plastics shed 4 to 42p reflecting small offerings in Friday's late dealings.

Stores good again

Stores started the new Account in the same buoyant fashion as they had finished the old. Opening higher in continuing response to the current peak level of consumer spending, prices made further good progress as buyers reappeared on consideration of the sector's dividend potential. *Marks and Spencer firmed 4 more* to 186p as did Mothercare, to 178p, while House of Fraser put on 6 to 147p. Gussies A rose 8 to 300p, after 302p, following weekend Press comment. Combined English edged forward a penny to 101p; the announcement that agreement had been reached for the disposal of its loss-making *Belgian subsidiary came well after* market hours. Other Press-inspired improvements of around 3 were seen in Raybeck, 91p, and MFI Furniture, 115p, while an investment recommendation brought gains of 4 and 5 respectively in *Fairdale Textile ordinary and the* "A" at the common level of 23p. Empire gained 7 to 169p and Elys (Wimbledon) hardened 5 more to 210p, the latter still on bid hopes. Firm lately following excellent results and a proposed 300 per cent scrip issue, Wallis jumped 23 more to 185p xd. K added 4 to 71p in Shoes.

Secondary issues made the running in firm Electricals. Pethow were prominent at 112p, up 12, ex the scrip issue, while investment demand left United Scientific 10 higher at 318p. Among the leaders, GEC moved up 4 more at 276p.

John Brown, a further 6 higher at a 1978 peak of 418p, continued *to be bought on the belief that* the group will be able to benefit from the Government's new dividend proposals. Elsewhere in firm Engineerings, Davy International gained 6 to 270p in front of today's preliminary results and Staveley Industries put on 7 to 291p ahead of tomorrow's AGM. Continuing to reflect last week's good interim performance, Bullough gained 12 more at 135p xd, while improvements of 7 were recorded in Alcan Aluminium, 157p, Edbro, 198p, and Jones and Shipman, 143p. In response to Press comment, Acrow, 114p, and the A, 91p, put on 2 and 4 respectively and Molins appreciated 6 to 135p. Williams and James came in for support at 88p, up 4, but disappointing annual earnings unsettled Neepsend which, after 48p, closed a penny easier on balance at 45p.

Bluebird Confectionery figured prominently in firm Foods, closing 11 to the good at 84p ex the scrip issue following a weekend Press mention. Small buying in a restricted market lifted Batleys of York 7 to 67p, while renewed speculative attention developed *in Avana, 2½ harder at 45p, and* Associated Fisheries, 4 higher at 47p. Still reflecting bid hopes, Bernard Matthews improved 10 to 167p. Jameson's Chocolates registered disappointment with the interim figures with a *reaction of 4 to 70p.*

Awaiting today's preliminary figures, Wheeler's Restaurants rose 15 to 355p. Elsewhere in Hotels and Caterers, Epicure hardened 1½ to 15½p and Brent Walker 5 to 64p. Queen's Moat Houses became active and hardened 1½ to 43p following Press comment.

Peerage jump

Miscellaneous Industrials saw a continuation of last Friday's firmness which followed the Government's proposals on future wage and dividend policies. Notable features outside of the leaders included Peerage of Birmingham, which jumped 16 to 60p in response to a bid approach. Weekend Press comment drew buyers' attention to Booker McConnell which rose 12 to 237p, while Boosey and Hawkes firmed 8 to 175p and Silentnight added 7 to 85p for the same reason. Gomme, a further 5 harder at *77p*, were also helped by investment comment and AAH added 4 to 107p following the results. Further consideration of the record earnings helped Initial Services advance 6½ to 82p and similar improvements were recorded in Centreway, 242p, and De La Rue, 367p. Following details of the completed deal with Dawnay Day, Pauls and Whites closed 4 higher at 120p, after 123p. By way of contrast, Siebe Gorman declined 4 to 180p on the static profits and Wilson Walton dipped 3 to 57p, after 56p. Of the leaders, Glaxo improved 5 to 580p and Unilever recovered from early nervousness to finish 2 better at 530p, after 522p.

Following last Friday's late reaction on the company's bid denial, to end with a net gain *of 2, Flight Refuelling* staged a good revival following weekend Press comment and closed 10 higher at a 1978 peak of 180p. Dowty rose 4 to 240p for a similar reason, but Airflow Streamlines finished 6½ cheaper at 41p ex the scrip issue.

Selected Newspapers made headway on spasmodic demand. Associated up 11 at 177p, and Daily Mail A, up 10 at 330p, gained ground on the upgrading of recoverable oil reserves in the Argyll Field. Others to make progress included Home Counties, 10 to the good at 82p and Independent, 5 up at 150p.

Dealings were resumed in the shares of S. Pearson and Pearson Longman following publication of details of the former's offer to buy the 36 per cent of the latter's shares it does not already own. Suspended at 194p on Friday ahead of the news, Pearson Long*man opened at 244p before end*ing at 243p, while S. Pearson opened at 222p and closed at 225p compared with Friday's price at suspension of 229p; yesterday's *closing price for S. Pearson puts* a value of 255p on each Pearson Longman share. Elsewhere, Walmoughs put on 6 to a 1978 peak of 92p, but Delyn shed 3 to *12p on small selling in a limited* market.

Interest broadened in a firm Property sector, but the leaders closed fractionally below the best. Land Securities improved 4 to 221p and MEPC a couple of pence to 130p after 132p. English put on 4 to 46p on Press suggestions that the Dutch Group Wereldhave have agreed terms of 55p per share and Stock Conversion added 6 to 264p, the latter still influenced by a broker's circular and in anticipation of tomorrow's annual results. Demand developed for British Land, 2¼ up at 37½p: the 12 per cent Convertible rose 7 points to £146.

Oils dip and rally

Dull at the outset on Government plans for a substantial tax increase on oil from the North Sea, leading Oils recovered from the initial mark-down and closed with only modest falls. British Petroleum touched 860p before recovering to 870p, down 8 on balance, while Shell recovered from 548p to end unchanged on the day at 558p. Burmah, up 5 at 73p, reflected hopes for a share in the profit from the Bank of England's sale of BP stock.

Gill and Duffus, 9 up at 146p, provided the sole noteworthy movement in Overseas Traders.

Investment Trusts closed slightly firmer in places despite the easier opening on Wall Street. Noteworthy movements in Financials were confined to speculative rises of 3 in Fitzroy Investment, at 24p, and Haw Par, at 54p.

Shippings had an isolated late feature in Furness Withy which jumped 19 to 244p on small buying *in a restricted market.*

Tobaccos made a firm showing with BAT Industries Deferred outstanding at 276p, up 11.

Activity in Plantations was mainly restricted to a small flurry in Guthrie which closed 11 to the good at 363p.

Supported by the weekend advance in the bullion price, South African gold shares were very firm and the Gold Mines index advanced for the seventh successive trading day, maintaining the level of June, 1976. It was up 5.3 at 180.3.

The bullion price closed at its *second highest level ever* at $195.125 an ounce, for a rise on Friday's close of $3.25.

There were gains throughout the list but sterling prices were held back by the fall in the investment dollar premium. The market started higher following vigorous after-hours activity on Friday. There was continual U.S. interest, while London buying was noted in the morning.

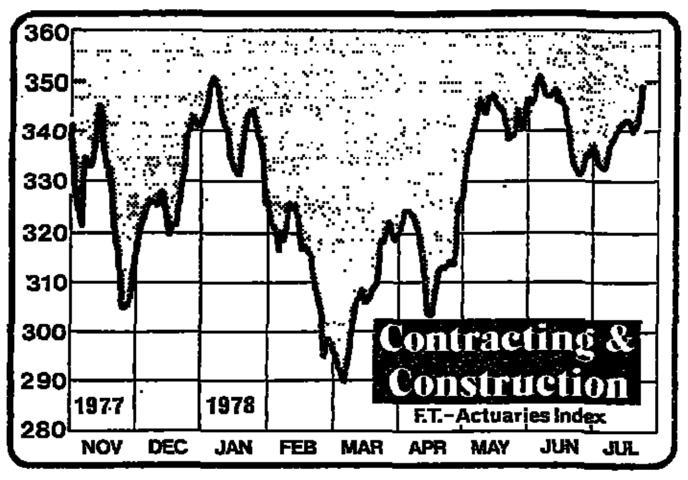
Among the heavily-priced issues Randfontein and West Dries, were both £1 higher at £36½ and £23 respectively. Hartebeest firmed ½ to £14⅞. FS Geduld were ¾ harder at £19½ and W. Holdings rose ½ to £19½. Among stocks *especially sensitive to a rise in* the bullion price Libanon gained 21 to 370p and Ventersport moved 17 higher to 260p.

The strength of gold shares spilled over into South African Financials where Amgold advanced ½ to £18½. De Beers, although stronger in dollar terms, were unchanged at 394p because *of the premium.*

The premium also affected Australian stocks, which started strongly following the advance in Sydney overnight—but then drifted as the premium moved lower—before steadying towards the close. The undertone remained firm and Pancontinental finished ¼ higher at £14, while other *uranium-related stocks like* Peko-Wallsend and EZ Industries closed 10 harder at 540 and 255 respectively.

Among London Financials there was a slightly easier tone, with the exception of Consolidated Gold Fields, whose gold interests prompted a rise of 2 to 188p, after 190p.

*Coppers, Rhodesians and Irish-*Americans were quiet and there was little business in Tins where Malaysia-domiciled stocks moved lower with the premium. In the domestic tin mining sector, Saint Piran finished beneath their best at 55p, up 1, after the purchase of a stake in Orme Developments, while Geevor closed 5 firmer at *135 in front of today's results.*



FINANCIAL TIMES STOCK INDICES

—	July 24	July 21	July 20	July 19	July 18	July 17	A year ago
Government Secs.	70.99	70.78	70.70	70.57	70.50	70.50	67.27
Fixed Interest	72.05	71.70	71.67	71.64	71.60	71.49	67.88
Industrial Ordinary	483.9	479.2	470.4	467.7	472.4	479.3	437.9
Gold Mines	180.3	175.0	170.7	164.4	162.6	161.3	118.4
Ord. Div. Yield	5.50	5.54	5.64	5.68	5.63	5.55	6.49
Earnings Yld% (full)	16.60	16.81	17.14	17.25	17.10	16.86	16.38
P/E Ratio (net) (*)	8.01	7.94	7.79	7.74	7.81	7.93	8.84
Dealings marked	4,932	4,428	4,367	4,383	4,757	4,321	5,126
Equity turnover £m.	—	103.54	73.77	76.84	85.84	68.07	46.85
Equity bargains total	—	17,652	15,920	16,372	17,161	14,764	14,444

10 am 477.8. 11 am 478.7. Noon 482.2. 1 pm 483.2. 2pm 483.3. 3 pm 482.9.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5.1)	68.79 (6.6)	127.4 (9.1.35)	49.18 (3.1.75)
Fixed Int.	81.27 (3.1)	70.73 (6.6)	150.4 (28.11.47)	50.53 (3.1.75)
Ind. Ord.	497.3 (5.1)	433.4 (2.3)	549.2 (14.9.77)	49.4 (26.6.40)
Gold Mines	180.5 (24.7)	130.5 (6.1)	442.3 (22.5.75)	43.5 (26.10.71)

S.E. ACTIVITY

	July 24	July 21
—Daily		
Gilt-Edged	177.2	152.2
Industries	168.1	152.1
Speculative	55.9	38.4
Totals	112.3	100.8
5-day Average		
Gilt-Edged	156.3	165.9
Industries	157.8	155.1
Speculative	37.2	32.0
Totals	104.1	101.5

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (225)

BRITISH FUNDS (3)
AMERICANS (1)
CANADIANS (1)
BANKS (2)
BEERS (3)
BUILDINGS (12)
CHEMICALS (6)
DRAPERY AND STORES (25)
ELECTRICALS (9)
ENGINEERING (23)
FOODS (8)
HOTELS (2)
INDUSTRIALS (30)
INSURANCE (1)
MOTORS (5)
NEWSPAPERS (2)
PAPER AND PRINTING (1)
PROPERTY (6)
SHOES (1)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (50)
OILS (1)
OVERSEAS TRADERS (3)
RUBBERS (1)
TEAS (2)
MINES (24)

NEW LOWS (7)

CHEMICALS (2)
Ciba Geigy 8½pcConv 1982-95
Enalon Plastics
ENGINEERING (1)
Shakespeare (J.)
FOODS (1)
Watson and Philip
INDUSTRIALS (1)
Wilson Walton
PAPER (1)
Delyn
MINES (1)
Jantar

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	145	—	165	—	—	—	873p
BP	800	100	—	125	—	140	—	"
BP	850	65	—	92	—	106	—	"
BP	900	38	1	62	—	80		"
Com. Union	140	18	—	20	—	26	—	151p
Com. Union	160	7½	—	12	—	16	—	"
Cons. Gold	160	38	3	37	4	44	6	189p
Cons. Gold	180	20	34	24	17	32	1	"
Cons. Gold	200	11	21	15	33		—	"
Courtaulds	100	25	25	26½	—		—	120p
Courtaulds	110	16	—	18½	—	23	—	"
Courtaulds	120	9	3	12	—	16½	2	"
Courtaulds	130	5	11	8	—	11½	—	"
GEC	220	62	—	68	—	—	—	276p
GEC	240	44	4	52	—	57	—	"
GEC	260	28	5	38	—	44	5	"
GEC	280	15½	6	26½	1	33	5	"
Grand Met.	100	18	15	22	25	25	5	114p
Grand Met.	110	9½	—	14½	—	16	—	"
Grand Met.	120	5½	56	9	44	—	—	"
ICI	330	69	—	70	4	73	—	391p
ICI	360	41	4	50	2	54	8	"
ICI	390	21	29	31	63	36	62	"
ICI	420	7	89	15	1	—	—	"
Land Secs.	180	44	30	48	—	52½	5	221p
Land Secs.	200	25	13	31	8	36	-	"
Land Secs.	220	11½	68	17½	—	23½	—	"
Marks & Sp.	120	49	8	51	—	53	—	166p
Marks & Sp.	140	29	7	35	2	37	—	"
Marks & Sp.	160	12½	91	17½	40	23	1	"
Shell	500	75	—	82	11	90	—	558p
Shell	550	38	—	51	18	55	5	"
Shell	600	14	5	28	1	35		"
Totals			517		273		105	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	64	—	13
Corpns. Dom. and Foreign Bonds	17	2	45
Industrials	528	238	782
Financial and Prop.	199	45	271
Oils	3	6	25
Plantation	7	4	21
Mines	68	26	34
Recent Issues	8	7	25
Totals	894	320	1,215

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Money was given for the call in Shell Transport, John Laing, Coral Leisure, Burmah Oil, British Land, Unilever, Allied Retailers, Raybeck, Wettern Bros., English Property, Lonrho, UDT and Cartier Superfoods, while doubles were arranged in Premier Consolidated Oil, British Land, Shell Transport and Howard Machinery. A short-*dated call was taken out in* J. Brown.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	15	391	+ 3	396	328
BP	£1	12	870	− 8	896	720
Shell Transport	25p	12	558	—	586	484
Marks & Spencer	25p	11	166	+ 4	166	135
Distillers	50p	9	192	+ 5	192	163
GEC	25p	9	276	+ 4	278	233
Assc. Newspapers	25p	8	177	+11	178	130
BATs Defd.	25p	8	276	+11	296	227
Barclays Bank	£1	8	328	+ 3	338	296
Boots	25p	8	212	+ 2	231	184
Burmah Oil	£1	8	73	+ 5	73	42
GUS A	25p	8	300	+ 8	312	256
Royal Insurance	25p	8	390	+ 5	425	343
Unilever	25p	8	530	+ 2	548	476
British Land	25p	7	37½	+ 2¼	39	28

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
75	F.P.	30/6	92	65	Brunell (C.D.)	88		4.5	3.1	7.7	4.7
55	F.P.	31/8	75	71	Cartiers Superfoods	73		2.41	3.1	6.0	6.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

No.	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 24, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. July 21 Index No.	Thurs. July 20 Index No.	Wed. July 19 Index No.	Tues. July 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	221.28	+0.9	17.18	5.55	8.05	219.26	216.05	214.46	215.93	177.75
2	Building Materials (28)	198.34	+0.8	17.51	5.59	8.07	196.72	194.17	193.00	193.78	147.51
3	Contracting, Construction (27)	349.54	+1.5	19.97	4.25	7.28	344.37	341.49	339.49	341.39	241.75
4	Electricals (15)	475.74	+1.1	14.47	3.94	9.76	470.54	460.89	457.60	463.62	361.51
5	Engineering Contractors (14)	328.44	+0.7	18.27	6.21	7.29	326.27	321.09	317.80	318.48	257.40
6	Mechanical Engineering (72)	178.76	+0.9	18.25	6.01	7.35	177.14	174.31	172.87	173.57	158.26
8	Metals and Metal Forming (16)	166.29	+0.4	17.19	8.46	7.93	165.68	164.58	163.37	164.55	90.41
	CONSUMER GOODS:										
11	(DURABLE) (52)	203.91	+0.6	17.02	5.23	8.24	202.78	198.62	196.25	197.73	145.82
12	Lt. Electronics, Radio TV (15)	243.33	+0.6	15.43	4.20	9.16	241.85	235.85	232.42	234.78	167.33
13	Household Goods (12)	179.24	+1.4	16.46	7.26	8.38	176.85	175.62	173.98	176.45	194.11
14	Motors and Distributors (25)	127.00	+0.3	19.63	6.37	7.10	126.64	124.48	123.42	123.67	157.64
	CONSUMER GOODS										
21	(NON-DURABLE) (174)	209.44	+1.4	15.52	5.72	8.73	206.52	202.58	201.21	202.67	187.05
22	Breweries (14)	228.62	+1.6	14.94	5.95	9.52	224.95	219.55	220.43	220.67	162.90
23	Wines and Spirits (6)	271.45	+2.4	15.77	5.33	9.62	265.18	258.79	258.50	260.90	170.78
24	Entertainment, Catering (17)	257.41	+1.0	15.29	6.75	9.57	254.77	250.60	247.14	249.64	197.06
25	Food Manufacturing (21)	199.56	+1.1	18.93	5.55	6.98	197.42	197.74	196.30	197.49	205.19
26	Food Retailing (15)	215.89	+0.4	14.08	4.78	9.86	215.00	208.88	204.19	206.69	170.87
32	Newspapers, Publishing (13)	416.72	+0.8	9.67	3.00	14.76	413.59	402.75	397.26	395.02	172.38
33	Packaging and Paper (15)	136.00	+0.1	19.24	7.80	6.85	135.88	134.03	134.13	135.47	290.96
34	Stores (39)	195.70	+2.0	10.98	4.56	13.38	191.92	185.01	183.89	185.44	116.95
35	Textiles (25)	179.07	+0.5	18.53	7.73	7.00	178.18	177.40	176.76	178.11	142.49
36	Tobaccos (3)	253.02	+2.1	21.68	7.40	5.44	247.77	246.70	244.52	246.58	153.02
37	Toys and Games (6)	111.04	−0.4	18.31	5.73	6.67	111.44	107.69	106.41	107.56	198.11
41	OTHER GROUPS (97)	202.55	+0.9	15.84	5.72	8.27	200.81	198.44	197.09	198.64	176.03
42	Chemicals (19)	291.74	+0.6	16.97	5.99	8.00	290.01	285.98	285.17	287.05	98.20
43	Pharmaceutical Products (7)	263.69	+0.5	10.96	3.89	11.35	262.26	259.76	257.98	259.80	0.00
44	Office Equipment (6)	129.59	+1.0	18.49	5.87	6.40	128.33	127.56	124.91	128.18	103.98
45	Shipping (10)	411.86	+1.5	17.60	7.43	7.00	405.83	403.64	398.65	402.57	478.06
46	Miscellaneous (55)	212.20	+1.3	16.87	6.24	7.90	209.58	206.99	205.27	206.45	172.32
49	INDUSTRIAL GROUP (495)	217.35	+1.1	16.11	5.64	8.41	215.00	211.49	209.96	211.49	176.25
51	Oils (5)	493.72	−0.5	14.95	4.00	7.25	496.05	488.78	486.47	489.19	503.41
59	500 SHARE INDEX	240.41	+0.9	15.94	5.40	8.21	238.36	234.54	232.92	234.57	202.50
61	FINANCIAL GROUP (100)	167.26	+1.0	—	5.69	—	165.65	164.90	162.91	164.78	134.88
62	Banks (6)	188.77	+0.4	24.21	6.00	6.25	188.08	189.85	189.23	190.50	155.47
63	Discount Houses (10)	203.45	−0.7	—	8.50	—	204.89	204.49	201.33	204.91	166.92
64	Hire Purchase (5)	159.12	+1.2	12.41	5.18	11.92	157.28	157.37	152.91	152.81	127.79
65	*Insurance (Life) (10)*	140.32	+1.3	—	6.49	—	138.55	137.22	133.94	136.18	102.41
66	Insurance (Composite) (7)	128.50	+1.1	—	6.64	—	127.13	125.74	123.58	125.65	109.05
67	Insurance Brokers (10)	346.43	+0.3	13.59	4.53	10.54	345.35	340.15	336.57	339.86	297.51
68	Merchant Banks (14)	80.22	+0.1	—	6.10	—	80.17	79.84	79.38	79.93	64.82
69	Property (31)	242.42	+2.0	2.92	3.08	67.83	237.75	235.47	232.15	234.91	178.45
70	Miscellaneous (7)	107.76	+2.3	23.56	7.75	5.52	105.32	104.62	104.30	105.51	89.58
71	Investment Trusts (50)	223.98	+0.3	3.10	4.54	32.24	223.27	220.44	219.05	220.52	170.86
81	Mining Finance (4)	101.22	−0.1	17.43	6.87	6.98	101.32	99.65	97.93	98.77	92.51
91	Overseas Traders (19)	324.08	+1.6	16.16	6.58	7.60	318.90	319.35	317.43	316.21	269.46
99	*ALL-SHARE INDEX (673)*	221.73	+0.9	—	5.46	—	219.86	216.87	215.15	216.78	184.84

FIXED INTEREST PRICE INDICES

	British Government	Mon. July 24	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.63	+0.30	—	4.91
2	5-15 years	114.83	+0.26	—	7.04
3	Over 15 years	121.64	+0.28	—	7.71
4	Irredeemables	127.62	+0.50	—	7.24
5	All stocks	113.59	+0.29	—	6.37

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Mon. July 24	Fri. July 21	Year ago (approx.)
1	Low	5 years	8.70	8.73	7.78
2	Coupons	15 years	10.79	10.84	11.58
3		25 years	11.58	11.64	12.06
4	Medium	5 years	11.16	11.35	10.33
5	Coupons	15 years	11.99	12.06	12.04
6		25 years	12.18	12.24	13.09
7	High	5 years	11.44	11.54	11.33
8	Coupons	15 years	12.53	12.56	13.60
9		25 years	12.73	12.78	13.80
10	Irredeemables		11.55	11.61	12.71

		Monday, July 24 Index No.	Monday, July 24 Yield %	Friday July 21	Thurs. July 20	Wed. July 19	Tues. July 18	Mon. July 17	Friday July 14	Thurs. July 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.00	13.02	56.91	56.89	57.02	56.99	56.94	56.88	56.80	52.97
16	Investment Trust Prefs. (15)	50.82	13.84	50.83	50.77	51.04	51.55	51.51	51.55	51.59	50.61
17	Coml. and Indl. Prefs. (20)	69.79	13.27	69.50	69.50	69.99	70.04	70.04	70.02	70.04	68.57

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	36.5	38.5	...	—
Equity Acc.	31.5	33.2	...	—
Property Fd.	148.7	156.6	...	—
Property Acc.	154.8	163.0	...	—
Selective Fund	90.6	95.4	...	—
Convertible Fund	131.2	138.2	...	—
♥Money Fund	121.6	128.0	...	—
Pens. Property	174.8	184.1	...	—
Pens. Selective	85.6	90.2	...	—
Pens. Security	136.9	144.2	...	—
Pens. Managed	178.1	187.5	...	—
Pens. Equity	161.4	169.9	...	—
♥Prop. Fd. Ser. 4	127.3	134.1	...	—
♥Man. Fd. Ser. 4	133.8	140.9	...	—
♥Equity Fd. Ser. 4	35.0	36.9	...	—
♥Conv. Fd. Ser. 4	112.1	118.0	...	—
♥Money Fd. Ser. 4	109.6	115.4	...	—

Prices at July 18. Valuation normally Tuesday.

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

♥Equity Fd. Acc.	186.3	196.0	...	—
♥Fixed Int. Acc.	140.1	147.5	...	—
♥Gtd. Money Fd. Ac.	114.6	120.6	...	—
♥Intl. Man. Fd. Acm.	107.7	113.4	...	—
♥Prop. Fd. Acc.	108.9	114.6	...	—
♥M'ple Inv. Acc.	165.5	174.1	...	—
Equity Pen. Fd. Acc.	219.9	231.4	...	—
Fixed I. Pen. Acc.	177.5	186.8	...	—
Gtd. Mon. Pen. Acc.	127.6	136.4	...	—
Intl. Mn. Pn. Fd. Acc.	114.4	120.4	...	—
Prop. Pen. Acc.	123.4	129.8	...	—
M'ple Inv. Pen. Acc.	202.6	213.3	...	—

AMEV Life Assurance Ltd.♥
Alma Hse., Alma Rd., Reigate. Reigate 40101.

AMEV Managed	137	144.4	...	—
AMEV Mgd. 'B'	110.3	116.2	...	—
AMEV Money Fd.	105.2	110.8	...	—
AMEV Equity Fd.	110.7	116.6	...	—
AMEV Fixed Int.	92.1	97.1	...	—
AMEV Prop. Fd.	97.2	102.4	...	—
AMEV Mgd. Pen. Fd.	96.7	101.9	...	—
AMEV Mgd. Pen. 'B'	97.4	102.6	...	—
Flexiplan	96.8	102.0	...	—

Arrow Life Assurance
30, Uxbridge Road, W.12. 01-749 9111

[illegible]

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	115.8	121.8	+0.7	—
Property Fd.	106.7	112.3	...	—
Fixed Interest F.	109.4	115.4	-0.3	—
Gtd. Deposit Fd.	99.4	104.6	...	—
Mixed Fd.	112.8	117.8	+0.3	—

Nelex Money Cap	62.6	65.8	-0.8	—
Nelex Mon. Acc.	66.7	70.2	+1.2	—
Nelex Gth Inc Cap	50.0	52.6	+2.5	—
Nelex Gth Inc Acc	51.3	54.0	+2.9	—
Nel Mxd. Fd. Cap	48.0	50.5	+0.1	—
Nel Mxd. Fd. Acc.	48.8	51.3	+0.2	—

Next Sub. day July 25.

For New Court Property see under Rothschild Asset Management

COMPANY NOTICES

FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND NO. 12

A final dividend (No. 12) of 8 cents per share in the currency of the Republic of South Africa has been declared in respect of the year ended 30th June, 1978. This dividend together with Dividend No. 11 of 4 cents per share declared in January 1978 makes the dividend declared out of profits for the year 12 cents (1977—11 cents).

The dividend is payable to members registered in the books of the Company at the close of business on 18th August, 1978, and is declared subject to conditions which can be inspected at or obtained from the Company's Johannesburg Office or the Office of the London Secretaries (Barnato Brothers Limited, of 99, Bishopsgate, London EC2M 3XE).

Subject to the said conditions, payments by the London Secretaries will be made in United Kingdom currency at the rate of exchange quoted by the Company's bankers on 5th September, 1978; provided that in the event of the Company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the Company's bankers on the next succeeding day on which such a rate is quoted.

Dividend warrants will be posted from either the Johannesburg Office or the Office of the London Secretaries, as appropriate, on or about 15th September, 1978.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividend where applicable.

The Share Transfer Books and Register of Members will be closed from 19th August to 30th August, 1978, both days inclusive.

By Order of the Board.
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED,
Secretaries.
per. D. A. FREEMANTLE.

Head Office and Registered Office:
Consolidated Building,
Cnr. Fox and Harrison Streets,
JOHANNESBURG. 2001
(P.O. Box 590, Johannesburg, 2000.)

24th July, 1978.

AUTHORISED UNIT TRUSTS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

Javelin Equity Tst.	$A2.09	2.19	...	—

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	174.0	185.0	...	—

As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	SHK293.94		2.50
Jardine J'pn. Fd.*	SHK362.70	-9.42	0.90
Jardine S.E.A.	SUS17.22	+0.43	1.80
Jardine Flem. Int.	SHK10.55		—
Intl. Pacific Secs.	SHK12.19	13.09	—

NAV July 14. *Equivalent SUS78.00. Next sub. July 31.

Engy. Int. July 21	SUS18.12		+0.16	—
Gr. $ Fd. June 30	SUS7.08		...	—
Merr. Ebd. Fd. July 19	SUS10.11	10.22	...	0.2911

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	SUS22.35	22.87	...	—
CMT Ltd. June 29	£12.77	13.10	...	—
Metals Tst. July 20	£11.89	12.18	-0.29	—
TMT July 14	SUS10.38	10.58	...	—
TMT Ltd. July 14	£10.26	10.63	...	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	SUS15.57	...	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.77
Clive Fixed Interest Income	115.70

CORAL INDEX: Close 480-485

INSURANCE BASE RATES

† Property Growth	10½%
† Vanbrugh Guaranteed	9.25%

† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
[illegible]						

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 51¼% (based on $1.9350 per £)
Conversion factor 0.6589 (0.6576)

CANADIANS

[illegible]

S.E. List Premium 51¼% (based on $2.1772 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440225 Tel: (202) 347 8676

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[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

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[illegible]

Finance, Land, etc.

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[illegible]

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OVERSEAS TRADERS

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RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

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Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	180	+2	Q50c	1.3	23.2
24	15	Rhod'n Corp. 16⅔p	18		0.56	7.1	4.7
80	52	Roan Cons. K4	67	−1	—	—	—
175	122	Tanganyika 50p	162	...	Q10.0	1.2	9.2
90	78	Do. Pref. 80p	87	...	Q9%	16.3	8.2
41	32	Wankie Col. Rh 1	38	.....	†Q7½c	1.4	16.8
16½	10	Zam.Cpr.SBD0.24	14	..	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14		—	—	—
132	64	Bougainville 50 Toea	128	+4	Q3c	1.4	3.9
125	63	BH South 50c	111	+1	—	—	—
820	150	Central Pacific	550	+25		—	—
254	148	Conzinc Riotinto 50c	254	+2	Q10c	2.2	2.4
72	45	G.M. Kalgoorlie $1	58	+6	—	—	—
42	18	Hampton Gold N.L.	42	+2		—	—
140	81	Hampton Areas 5p	135	..	t3.5	2.0	3.9
40	10	Metals Ex. 50c	30		—	—	—
220	125	M.I.M. Hldgs. 50c	*205	−1	Q9c	1.7	2.7
39	10	Mount Lyell 25c	30		—	—	—
6½	1½	Newmetal 10c	4½		—	—	—
143	79	North B. Hill 50c	124	−1	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	14	+½	—	—	—
34	12	Nth. West Mining	30		—	—	—
178	117	Oakbridge $A1	168	...	*Q11c	1.9	4.1
50	30	Pacific Copper	50		—	—	—
£14¼	750	Pancont'l 25c	£14	+¼	—	—	—
40	12	Paringa M&Ex.5p	31½	−1½	—	—	—
540	310	Peko-Wallsend 50c	540	+10	Q15c	4.0	1.7
300	50	Southern Pacific	220	+5	—	—	—
160	84	Westn. Mining 50c	140	−3	‡Q6c	1.4	‡
70	35	Whim Creek 20c	55	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	−1	†2.51	1.6	15.9
400	240	Ayer Hitam $M1	370	−5	[illegible]	0.9	‡
60	45	Beralt Tin	52		3.75	4.4	11.5
300	200	Berjuntai $M1	285	−5	Q110c	ϕ	8.3
145	111	Geevor	135	+5	h4.51	3.4	5.1
10	8½	Gold & Base 12½p	9½	...	—	—	—
300	220	Gopeng Cons.	295	...	15.0	0.9	7.8
165	130	Hongkong	160		—	—	—
93	78	Idris 10p	85xd	+2	‡12.0	1.6	‡
11	9	Jantar 12½p	9	−1	—	—	—
77	68	Kamunting $M0.50	75	..	ZQ15c	0.7	4.4
510	450	Killinghall	470		Q125	ϕ	26.7
415	280	Malay Dredging $M1	400	−5	†Q95c	0.8	5.1
73	40	♦Pahang	69	−1	†Q3.75c	0.5	‡
62	50	Pengkalen 10p	58	−2	6.5	1.3	17.0
235	165	Petaling $M1	235	+5	†Q80c	1.6	7.9
61	49	Saint Piran	55	+1	c1.99	4.6	5.5
61	47	South Crofty 10p	52		4.13	2.0	12.0
220	140	South Kinta $M0.50	205	−5	†Q77.8c	1.4	3.2
330	230	Sthn Malayan $M1	310	−5	†Q133c	1.1	9.1
228	134	Sungei Besi $M1	210	−5	Q65c	ϕ	6.6
78	55	Supreme Corp. $M1	78		ZQ10c	—	2.8
100	85	Tanjong 15p	88xd	−2	6.5	0.8	11.2
100	74	Tongkah Hrbr. $M1	92	...	[illegible]	1.6	‡
233	148	Tronoh $M1	223	−4	ZQ86c	1.6	8.5

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	90	.....	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Burmin	54	−1	—	—	—
17	9	Burma Mines 17½p	14	.....	—	—	—
300	220	Cons. Murch. 10c	230	.....	‡Q30c	2.6	‡
465	245	Northgate C$1	400	+5	—	—	—
234	164	R.T.Z.	220	−1	9.5	2.8	6.5
90	30	Sabina Inds. C$1	58	−2	—	—	—
£12	750	Tara Exptn. $1	875	−25	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.33	ϕ	4.5
180	120	Yukon Cons. C$1	168	.....	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	24	.....
Ash Spinning	42	.....
Bertam	21	.....
Bdg'wtr. Est. 50p	287	+5
Clover Croft	26	.....
Craig & Rose £1	480	..
Dyson (R. A.) A	38	.....
Ellis & McHdy	61	.....
Evered	16½	.....
Fife Forge	50	.....
Finlay Pkg. 5p	23½	.....
Graig Ship. £1	130	.....
Higsons Brew	77	.....
I.O.M. Stm. £1	150	.....
Holt (Jos.) 25p	263	.....
N'thn. Goldsmith	56	.....
Pearce (C. H.)	182	.....
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	58xd	+4
Sindall (Wm.)	105	+2

IRISH

Conv. 9% '80/82	£92	+⅛
Alliance Gas	65	.....
Arnott	345	.....
Carroll (P.J.)	99	.....
Clondalkin	98	.....
Concrete Prods.	140	+10
Heiton (Hldgs.)	42	.....
Ins. Corp.	160	.....
Irish Ropes	130	.....
Jacob	65	.....
Sunbeam	32	.....
T.M.G.	275	.....
Unidare	95	.....

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14		
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	30	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	7	N.E.I.	12		
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18	**Mines**	
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	14
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday July 25 1978

Oil tax increase 'could hit North Sea production'

BY RAY DAFTER, ENERGY CORRESPONDENT

THE OFFSHORE oil industry yesterday warned that future exploration and production effort in the North Sea could be restricted if the Government goes ahead with its plan to increase oil taxation.

"It is madness," said Mr. George Williams, director general of the UK Offshore Operators' Association. He said the offshore industry viewed the reported plans for amending the Petroleum Revenue Tax as an "alarming and adverse development."

An additional tax burden could act as a disincentive to companies which were aware that the biggest and probably the most profitable fields had been found, he said.

Companies were expected to search for smaller, less attractive fields at a time when taxation might increase, when the British National Oil Corporation was being given greater influence, and when licence conditions were becoming tougher. "The Government appears to be almost encouraging oil companies to run away from the North Sea."

Oil companies and their representative operators' association are angry that they have not been consulted over proposed tax changes, which are expected to be announced by Treasury and Department of Energy ministers within a week.

Although none of the companies would comment individually on the Government's tax proposals, one of the major North Sea operating groups warned that it would be re-evaluating its development plans in the light of changing offshore policies.

The Government, on the other hand, is concerned about how slowly taxation is taking effect on even the most profitable fields such as British Petroleum's Forties discovery; the Occidental Group's Claymore Field; and Shell/Esso's small Auk find.

Within Whitehall it is pointed out that negligible Petroleum Revenue Tax was paid in the 1977-78 financial year. In the current year the tax is expected to account for £170m of the £550m Government revenue from the North Sea, which will also include Corporation Tax and Royalties.

For well over a year the Treasury, Inland Revenue and the Department of Energy have been reviewing the tax structure. The British National Oil Corporation, as adviser to the Energy Department, has also been pressing for a change in Petroleum Revue ... Tax whi,h according to Lord Kearton, the corporation's chairman and chief executive, it too lenient to companies.

So the Government is planning to introduce legislation to increase the basic rate of the tax—at present 45 per cent levied on specially defined profits—to between 50 and 60 per cent. At the same time it is proposing to amend some of the concessions which are used by companies as an offset against the tax.

For example, companies are able to write off 175 per cent of their investment in a field before paying thetax. It is understood the Government is planning substantially to reduce the size of this allowance, which was dsigned to take account of the large amount of pre-production expenditure and interest payments faced by companies.

Lord Kearton has pointed out that companies exploiting the first batch of North Sea fields are able to use tax concessions to help pay for the development of later discoveries. For instance, British Petroleum is planning to set capital allowances for the £1.25bn development of its Magnus Field against the Corporation Tax bill on its highly profitable Forties Field venture.

There are two other PRT concessions that could be amended. The first entitles companies to produce up to 1m tons of oil a year up to a cumulative maximum of 10m tons before making them liable for tax payments. The second is a safeguard provision which essentially assures companies a return of 30 per cent on capital expenditure before PRT takes effect.

Both the Government and the industry have been working on the assumption that the total tax take from North Sea profits would be about 70 per cent. It is understood that recent calculations in Whitehall show Government revenue will fall slightly short of this percentage.

Consequently, the proposed changes will probably have a two-fold purpose: to raise the general level of taxation and to reduce the delays before PRT payments take effect.

However, the changes will require either a special clause in a Finance Act or an amendment to the Oil Taxation Act, neither of which are possible before an autumn election.

Brooke Bond in £20½m bid for Bushells

By James Forth & Andrew Taylor

BROOKE BOND Liebig has launched a £20½m cash takeover bid for Bushells Investments, the leading Australian tea processors and distributors, in a major move to reduce its dependence on African and Asian earnings.

The UK group holds a 20 per cent interest in Bushells' main operating subsidiary but has only a 1.1 per cent stake in the parent group.

Brooke Bond's offer of 336p a share will go ahead provided the group gets the necessary backing from UK and Australian government bodies—not least from the Australian Foreign Investment Review Board.

The offer has already been agreed with major stockholders—including the large Bushells and Oxley family trust holdings—controlling slightly more than 51 per cent of the Bushells parent group.

This is the third time in about a year that Brooke Bond has moved to tidy up its holdings in Australian companies.

Last year it spent almost £900,000 to buy out minority stakes in Seakist, the food importers and distributors, and the Brooke Bond Monbulk meat business.

The major share of Brooke Bond's overseas earnings has traditionally been generated in Africa — largely Kenya — and Asia.

But these are generally regarded to be politically unstable areas and Brooke Bond has been looking for new opportunities to improve the quality of its earnings.

Control

Mr. H. F. Somerville, Brooke Bond finance director, said yesterday: "We are perfectly happy with the quality of our African and Asian profits but do recognise that there has been concern in the market and we have been looking to strengthen our position in areas like Australia, Continental Europe and North America."

He said that Bushells controlled about 45 per cent of the Australian tea market and had a 20 per cent share of the coffee market.

The offer price values Bushells at £20.7m, which appears to be a substantial premium over net tangible assets. In Bushells' last accounts those were shown at £14.2m.

In the year to March 31, 1978, Bushells' earned pre-tax profits of £3.72m.

THE LEX COLUMN

How to calculate dividend cover

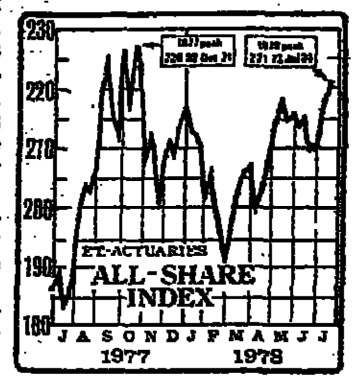
Tough luck on Distillers, GEC, Dowty and all those other companies which have completed their financial year and had hoped to be able to make some kind of supplementary payment under the new dividend regime. The news from the Treasury is that if the dividend cover safeguard does become law, it will only apply to financial years ending after July 31. Everyone else is stuck with the 10 per cent ceiling.

The rest of the Treasury's explanatory gloss is deliberately imprecise. It has recognised the folly of attempting to lay down a standard method of calculating dividend cover, and has instead plumped for a system which will be based on the annual accounts of each individual candidate for the dividend cover loophole.

Provided the figures have been calculated on a consistent basis over the relevant period (since December 1972) it will not matter what accounting treatment a company uses to calculate depreciation, tax, or any other variable. In theory this approach should work reasonably enough. Provided the sums are consistent, profits progress ought to be reflected at the attributable level—and it is that progress which matters, rather than the absolute amount of dividend cover. The Treasury recognises that it is going to have to adopt a common sense approach to individual curiosities, such as a company which has had its cover squeezed by the conversion of a loan, or one with lots of extraordinary items. The rule will be: if in doubt, try it out.

However in practice there are obvious drawbacks. Take a company which, for one reason or another, paid little tax in 1973 and lots in 1978. It could be tempted to provide for deferred tax just in order to smooth out its dividend cover, even although it felt that such a treatment was not really appropriate for the business. An attempt to build statutory restrictions on loose accounting practices is bound to lead to distortions—and will provide yet another incentive for companies to pick and choose their accounting policies.

Index rose 4.7 to 483.9



Gilt Edged

Once again the foreign exchange markets dominated sentiment in the financial markets yesterday. The dollar took another beating, hitting new lows against the Japanese yen and the Swiss Franc, while the gold price finished $3¼ higher at $195¼. The pound had a good day, touching $1.9385 at one point and on a trade weighted basis sterling rose to 63—an appreciation of 3 per cent since the beginning of June.

All of this was good news for the gilt-edged market in particular. Not surprisingly the long tap, Exchequer 12 per cent 2003/17, was finally exhausted in the middle of the afternoon. Meanwhile, prices of long-dated stock rose by no more than £¼, but the short end of the gilts market saw gains of around £⅜. It seems as if most of the speculative operators that piled into the gilt-edged market after last month's package have liquidated their positions and there is a far firmer underlying tone to the market. The institutions could soon start nibbling at the medium tap Exchequer, 10 per cent 1983, although they might wait until after the final call on Friday is out of the way.

In the short term, at least, the outlook for the gilt-edged market is fairly reassuring. There are signs that foreign money is moving back into gilts and the strength of sterling suggests that the Government's pay policy is being favourably viewed overseas. Against this background the authorities are likely to introduce another long tap before long but there seems to be no hurry to cut interest rates.

Oil tax

Reaction from the oil companies to reports that the Government will shortly seek to increase the take from Petroleum Revenue Tax was predictably hostile yesterday. However market reaction was cool. BP shares touched a low for the day of 860p, before closing just 8p down at 870p. And though Shell traded as low as 548, the closing price was an unchanged 558p.

The principal company to be affected by any change in PRT—and the one which the present moves are primarily directed against—would be BP. In the current year it will probably pay the UK Government less than £100m of PRT and corporation tax in respect of the North Sea. But the big slug will come next year, when the payment will accelerate to around £½bn, to continue thereafter at about that level. Estimates by outsiders about the possible impact on BP earnings necessarily vary. For example, Greenwell calculates, on the basis of a 60 per cent PRT rate, that BP's current year earnings would drop some 13p per share to around 118p. Hoare Govett talks of an earnings cut of some 15p—while Scott Goff, Hancock—assuming the worst of all possible worlds—has come up with a maximum drop in earnings per share of 21p.

But the word from BP is that all these numbers are on the high side, suggesting that the company has a reasonable idea of what the politicians are thinking about. Nevertheless the BP tax accountants will have been taking a slide rule over all calculations, just in case. A lot of argument has yet to come: for instance, the oil companies would certainly press for an interest allowance to compensate for any reduction in the 175 per cent capital expenditure allowance. The suggested measures could also cause some particular headaches for other companies, like Shell, with profitable fields still in course of development. The only certainty at this stage is that there is little likelihood of anything happening before an election.

Continued from Page 1

Post Office

up from £25.7m in 1969 — 28 per cent of total depreciation on an historic cost basis — to £350.6m last year, or 90 per cent of total depreciation.

If this extra charge to expenditure is deducted, the profit level goes up to £728.3m.

The supplementary depreciation charged by the Post Office is more than twice the level charged by the South of Scotland Electricity Board—40 per cent—a level which the Price Commission criticised in a report earlier this month.

However, both Sir William and Mr. Frederick Waterhouse, the board member for finance, defended the pocedure on the grounds that it lessened the need for borrowing.

Sir Wiliam dismissed the recent decisions of the Union of Post Office Workers not to resume Sunday working or to allow a reduction in postal tariffs at Christmas as unimportant. He had ben ken to begin these services to demonstrate the Post Office's greater responsiveness to the customer, but the union had feared that it might lead to renewed losses on the postal side.

"There is no way you can put a gun to people's heads and insist on them doing marginal things like Sunday and Christmas work."

The dispute with the Post Office Engineering Workers, under which the engineers refuse to bring new equipment into service, was "leading to an increasingly serious loss of business and damage to future prospects." Sir William said that no costing of the dispute had yet been made. A report from the Government-appointed arbitrator, Lord McCarthy, is expected shortly.

Decline

The major success which emerges from the report is the virtual doubling of profits in the postal business. This was due largely to a cut in the loss in parcels from £18m in 1976-77 to £5.8m last year, a doubling of income from overseas mail (from £5.6m to £11.5m, and a doubling of the income received from agenc yservices (such as selling television licences) from £5.1m in 1976-77 to £11.5m last year, following a renegotiation of the rates charged to Government.

However, inland letters continued to decline, from a profit of £26.4m in 1976-77 to one of £14m last year.

Telegrams also continued to make a loss, though slightly less than last year, at £8.5m as against £9.8m in the previous year. Sir William repeated his pledge that the service would be kept going, and that an attempt would be made to have it cover its costs.

The Giro banking service, which has increased its services over the past year by taking on new current account facilities, made a record surplus of £2.8m, up from £2.1m in the previous year. It has proposed a dividend of £1.2m, in line with its five-year dividend target agreed with the Government.

The profit was welcomed by Mr. Bryan Stanley, general secretary of the Post Office Engineering Union. He said that it could not have been achieved without the engineers' productivity record.

"In return we believe that some of the benefits of improved technology must be returned to Post Office engineers in the shape of improved conditions, particularly the acceptance of the shorter working week."

● In an attempt to bring the telegram service to the break-even target, the Post Office yesterday announced a campaign to stimulate its use.

The campaign, which will start next month, will emphasise that telegrams are a "fast, sure and uniquely personal way" of sending messages. It follows the appointment of Mr. A. M. F. Finucane as director of the new telegram services executive.

Murray denies 'revolt' over social contract

BY CHRISTIAN TYLER, LABOUR EDITOR

THE carefully planned equilibrium of TUC-Government relations ahead of a probable October General Election was shaken yesterday by reports of a trade union revolt on pay.

It was suggested that union leaders had insisted at a meeting of the "social contract committee," the TUC-Labour Party liaison committee, that some reference to free collective bargaining be put into the committee's jointly agreed document on the new social contract document in the face of Government plans for a permanent incomes policy.

When the suggestion reached Congress House, Mr. Len Murray, TUC general secretary, rushed out a statement describing the report as "completely unfounded."

"No such phrase was proposed by any member of the liaison comittee for inclusion in the pay section of the statement at any time," it said.

According to Transport House and the TUC, the statement on pay in the new social contract document, Into the Eighties: an Agreement, still talks about the ned for a broad understanding on pay each year between a Labour government and unions, as part of a survey of the whole economic and industrial field.

Yesterday's meeting, attended by the Prime Minister, accepted a number of amendments to the document and was unanimously that it should be recomended to tomorrow's meeting of the TUC general council and the Labour Party national executive.

Unity

Assuming there are no last-minute hitches, the document will be launched later by Mr. James Callaghan, Mr. Murray and Mr. Ron Hayward, Labour Party general secretary, with the greatest possible show of unity.

Various changes were approved yesterday. The threshold for the punative personal wealth tax has been fixed at £150,000 of assets. Formerly it was written as £100,000, with another £50,000 to cover ownership of a private house.

References to the National Enterprise Board were changed to incorporate a welcome to the NEB's excursion into the manufacture of silicon chips and a statement of priorities in the use of North Sea oil revenue was firmed up.

At the same time, the section on import controls and the outflow of capital was apparently toned down, leading some MPs to the conclusion that the document is now sufficiently bland to have a good chance of shaping Labour's election manifesto.

TUC leaders made it clear yesterday that they did not want to discuss the Stage Four White Paper's 5 per cent limit on pay rises in front of their Parliamentary and Cabinet colleagues and ahead of to-morrow's general council.

Protests about the 5 per cent Government ceiling on pay rises and Ministers' unencouraging response to union demands for a cut in the working week by way of compensation are, however, likely to be subsumed by the need to demonstrate labour unity as symbolised by the liaison committee's statement.

This will leave the TUC's problem of how to react to the White Paper's talks of transition to a permanent incomes policy, in the face of considerable rank and file resentment of a fourth year of wage restraint dictated from above, till after the election.

UK jobs up by 28,000 during first quarter

BY DAVID FREUD

AN EXTRA 28,000 jobs were created in the UK in the first three months of the year, confirming the upturn in the labour market suggested by the monthly unemployment statistics.

In a Parliamentary written answer, Mr. John Golding, Employment Under-Secretary, said there were 22,672,000 people in employment in March after seasonal factors had been taken into account. This was a 28,000 increase on the December figure.

This the first confirmation that the steady drop in the number of unemployed between September and June has been related to a rise in employment. There was a slight increase in the number out of work this month, although the total still stands at 63,600 below September's post-war peak.

The 28,000 increase in the number of jobs in the January-March period was a bigger figure than the 22,000 decrease in the numbers out of work. In the previous quarter there was a fall of 6,000 in the number of jobs, in spite of a 12,600 drop in the numbers registered as unemployed.

The upturn in the labour market in the first three months occurred at a time when gross domestic product increased by 1 per cent, acocrding to Central Statistical Office seasonally adjusted figures.

The employment figures take much longer to compile than those for unemployment and at any particular time are likely to be about six months behind.

However, the figures for unemployment are not always a reliable guide to what is happening in the job market. The figures reflect a number of factors and can be distorted, for instance, by social phenomena such as changes in the number of people wanting to work.

Unemployment debate, Page 11

Robertson executive 'sacked'

By Andrew Taylor

A BOARDROOM row at Robertson Foods surfaced last night when Mr. Neil Robertson, vice chairman, said that he had been sacked by the company and was proposing to institute a claim for wrongful dismissal on the advice of his solicitor.

Mr. Robertson said that he was dismissed by the group — of which his second cousin, Mr. Christopher Robertson, is chairman — after the annual meeting last Friday.

Mr. John Bradbury, company secretary for the jams, cake mixes and breakfast cereals group, confirmed that Mr. Robertson had left the company after a disagreement on policy.

The Robertson family holdings — which are widely spread — control more than 50 per cent of the group's shares.

Continued from Page 1

Dollar

official reserves by approaching $1bn in the last month.

The rise in sterling also helped the gilt-edged market where the price of long-dated stock rose by ¼ in the aftermath of the exhaustion of the long-tap stock, which had been widely expected.

The extent of the dollar's problems is shown by its decline of 17½ per cent so far this year against the Japanese Yen, of 10½ per cent against the Swiss franc and of slightly under 2½ per cent against the West German D-mark.

In the 18 months since the dollar started to come under pressure, the declines have been 37½, 27 and 13½ per cent respectively.

Charles Smith adds from Tokyo: Japanese bankers and officials argued that the yen was feeling the brunt of international exchange speculation because movements of hot money into the Swiss and West German foreign exchange markets have been substantially curbed by recent measures.

However, it is also admitted that Japan's massive current account surplus, and bilateral trade surplus with the U.S., are decisive elements in the situation.

Lucas wins £2.26m support for electric vehicle development

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT is stepping up its involvement in the development of electric vehicles with a £2.26m support programme for Lucas Industries, the Midlands motor components company which has been working in the field for 12 years.

Lucas has become the most vocal protagonist in the country of electric vehicles, and the size of the Government assistance is an indication that the company is beginning to show hopes of a practical solution to the problem of producing a cheap and reliable machine.

In the past, the Government's investment in the industry has been fairly limited. It put £2m into a joint project between Chloride and the Electricity Council on a sodium sulphur battery, and more recently gave £600,000 to a joint industry project aimed at analysing the running costs of a fleet of electric vehicles in London.

Lucas's aim in its present three-year programme, in which it will be investing about £4m itself, is to develop an electric drive system which can be incorporated in standard production chassis on normal assembly lines.

The difficulty it faces is in simplifying and automating the assembly of electric motors and other essential componets.

Batches

At present these products are made by labour-intensive means in small batches, which means the prices of the finished components are not competitive with petrol or diesel engine systems. But Lucas believes that it should be possible to bring the cost of buying and operating electric vehicles below the cost of rival products.

The Government-backed scheme will cover the manufacture of 40 vehicles a year over the next three years and enable the company to build up experience of operating conditions.

Vauxhall CF vans are being used in the scheme in line with a long-standing agreement between the two companies, although the car company will not receive any of the aid directly.

The money is being advanced by the Department of Industry under the Science and Technology Act which enables the Government to recover some of its expenditure in the form of a payback through a levy, depending on the success of the scheme.

Weather

UK TODAY

DRY, sunny intervals.

London, S.E., Cent. S., E. England, E. Anglia, E. Midlands, Channel Islands
Dry, cloudy. Max. 21C (70F).

W. Midlands, S.W., Cent. N., N.E. England
Dry, occasional rain. Max. 17C-18C (63F-64F).

Wales, N.W. England, Lakes, Isle of Man, S.W. Scotland, N. Ireland
Cloudy, some rain. Max. 16C-17C (61F-63F).

Borders, Cent. Highlands, Moray Firth
Sunny intervals, rain. Max. 18C (64F).

N.E. Scotland, Orkney, Shetland
Sunny cloudy. Max. 15C (59F).

N.W. Scotland
Cloudy, rain. Max. 14C (57F).

Outlook: Changeable.

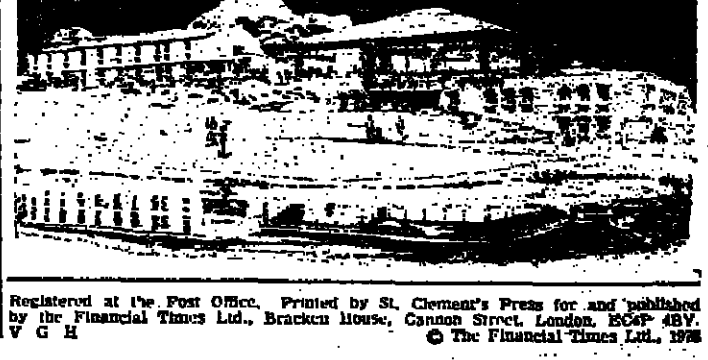
BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	F	21	70	Madrid	S	33	91
Athens	F	27	81	Manchstr.	C	16	61
Bahrain	S	38	100	Melbourne	C	7	45
Barcelona	S	26	79	Milan	S	26	79
Belfast	F	15	59	Montreal	S	20	68
Belgrade	F	21	70	Moscow	R	15	59
Berlin	F	24	75	Munich	S	22	72
Brmghm.	F	18	64	Newcastle	C	17	63
Bristol	S	18	64	New York	S	25	77
Brussels	F	24	75	Oslo	R	16	61
Budapest	F	22	72	Paris	F	23	73
B. Aires	S	11	52	Perth	S	14	57
Cairo	S	32	90	Prague	S	22	72
Cardiff	S	17	63	Reykjavik	S	16	61
Chicago	S	22	72	Rio de J'o	S	27	81
Cologne	F	25	77	Rome	S	27	81
Copnhagn.	S	20	68	Singapore	S	30	86
Dublin	F	17	63	Stockholm	F	20	68
Edinburgh	F	17	63	Strasbrg.	S	26	79
Frankfurt	S	25	77	Sydney	S	14	57
Geneva	S	24	75	Tehran	S	34	93
Glasgow	R	13	55	Tel Aviv	F	29	84
Helsinki	S	20	68	Tokyo	S	33	91
H. Kong	S	36	96	Toronto	S	21	70
Jo'burg	S	20	68	Vienna	S	23	73
Lisbon	S	31	88	Warsaw	S	19	66
London	C	19	66	Zurich	S	23	73
Luxemb'g	F	22	72				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Jersey	C	16	61
Algiers	S	29	84	Las Plms.	S	34	93
Biarritz	S	25	77	Locarno	S	25	77
Blackpool	C	15	59	Luxor	S	39	102
Bordeaux	S	24	75	Majorca	S	29	84
Boulogne	F	17	63	Malaga	S	27	81
Casablnca.	S	27	81	Malta	S	28	82
Cape Town	C	13	55	Nairobi	C	19	66
Corfu	S	27	81	Naples	S	27	81
Dubrovnik	S	24	75	Nice	S	24	75
Faro	S	31	88	Nicosia	S	36	96
Florence	S	28	82	Oporto	S	24	75
Funchal	S	27	81	Rhodes	S	28	82
Gibraltar	S	26	79	Salzburg	S	23	73
Guernsey	F	16	61	Tangier	S	35	95
Innsbruck	S	24	75	Tenerife	S	32	90
Inverness	C	15	59	Tunis	S	28	82
Isle of Man	C	15	59	Valencia	S	29	84
Istanbul	F	22	72	Venice	S	25	77

F—Fair. C—Cloudy. R—Rain. S—Sunny.



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